EASTERN WORLD

SUPPLEMENT

Banking • Power • INDIA • Road Transport
Trade with Eastern Europe

RECENT TRENDS IN INDIAN BANKING

THE process of a planned economic development was initiated in India in 1951. The First Five Year Plan with an investment of Rs. 15 billion in the public sector and Rs. 16 billion in the private sector was completed in March 1956. During this period the country made substantial progress with a considerable measure of stability. National income rose by 18 percent, industrial production by over 50 percent and agricultural output by 19 percent.

In the Second Five Year Plan (1955-56 — 1960-61) the proposed investment outlay has been more than doubled. The investment expenditure in the public sector was stepped up from Rs. 6,250 million in 1955-56 to Rs. 7,610 million in 1956-57 and is expected to rise further to Rs. 9,000 million in 1957-58. Investment in the private sector has also recorded a progressive rise. An analysis of the balance sheets of 750 joint stock companies (comprising two thirds of the total public limited companies) reveals that the net fixed asset formation in respect of these companies increased from 10.1 percent in 1954-55 to 14.3 percent in 1955-56. Though similar statistics for 1956-57 are not yet available, the fact that the volume of the relatively big new issues have recorded a significant rise from Rs. 250 million in 1955 to Rs. 400 million in 1956 is an indication that the rate of capital formation has risen during the year. The rate of economic progress continued to be maintained; there was a rise of about 6 percent in agricultural production during the crop year July 1956 to June 1957 and an annual rate of increase of about 8 percent in industrial production. However, the rising rate of demand generated by increased outlay outpaced the growth in output and consequently the economy was subjected to stresses and strains from the very first year of the second plan. The price level tended to spurt up accompanied by acute financial stringency. In addition to this, since April 1956 the balance of payments position has turned into red which was no doubt inevitable in the context of the Second Five Year Plan with a large foreign exchange content. However, the extent of the draft on the foreign exchange reserves (Rs. 4.9 billion up to November 1957) has been much larger than the expected Rs. 2 billion in the earlier part of the Plan. To correct the imbalance in the economy, a series of measures were adopted which included *inter alia*, stiffer rates of taxation, general as well as selective credit controls, drastic import cuts and agreement with the United States for import of foodgrains in terms of US Public Law 480.

Trends in banking situation and credit policies in India in the last three years should therefore be viewed against the foregoing economic background.

Banking situation

The expansionist forces in the economy were operative in the banking sphere as well. The overall expansion in economic activity and the rising volume of private investment meant for the banking system a corresponding larger demand for credit; scheduled bank advances increased by Rs. 847 million in 1955 and by Rs. 1,534 million in 1956 or by 16 percent and 24 percent respectively. In 1957, however, there has been a perceptible slowing down of the pace of expansion largely owing to the operation of a tighter credit policy by the Reserve Bank, drastic import cuts and reduced tempo of private investment. During the 11 months ended November 1957 outstanding credit rose by only Rs. 665 million or by 9 percent. Simultaneously with the higher level of demand for credit, and notwithstanding a persistent deterioration in external payments position which acted as a significant contractionist force, there was a substantial accretion to bank deposits, particularly in 1957, stemming mainly from the larger level of bank credit to Government. Deposit liabilities[1] of scheduled banks expanded by Rs. 971 million or 10 percent in 1955, by Rs. 725 million or 7 percent in 1956 and by Rs. 2,616 million or 24 percent during the 11 months of 1957. During 1956, the growth in bank resources was inadequate to meet the rising demand for bank credit and consequently the banking system experienced a considerable degree of strain leading to an acute financial stringency. The growing scarcity of funds was reflected in a general upward movement in interest rates. The gap in resources was made good mainly by large-scale resort to the Reserve Bank for short-term accommodation and partly by monetisation of government security holdings and depletion of cash reserves. The outstanding level of borrowings by banks from the Reserve Bank rose from Rs. 300 million at the end of 1955 to Rs. 791 million at the end of 1956; on the other hand, their investments in government securities and cash reserves were allowed to fall down by Rs. 186 million and Rs. 97 million, respectively. In 1957, however, the rise in bank deposits was much more marked than in the earlier years; in fact, it was larger than the rate of credit

[1] They represent demand and time liabilities, which include besides deposits, items like demand drafts, telegraphic and mail transfers, bills payable, unpaid dividends, etc. Nevertheless, deposits account for an overwhelming proportion (over nine-tenths) of these liabilities.

expansion, though a considerable portion of the increase in deposits has been of a fortuitous nature, being accounted for by the additions to the deposits of US authorities in India, representing the initial reimbursement in rupees by Government of the cost of foodgrains imported under the US Public Law 480. In the result, banking situation, particularly during the latter half of the year, was somewhat comfortable and the surplus resources enabled banks to redeem their short-term indebtedness to the Reserve Bank as well as to replenish their cash reserves and build up their gilt-edged security portfolio. By the end of November 1957 scheduled bank borrowings had declined by Rs. 628 million from Rs. 791 million at the close of 1956, while the cash reserves and investments had gone up by Rs. 542 million and Rs. 444 million to Rs. 1,447 million and Rs. 4,088 million respectively.

Seasonality in bank credit

A noteworthy characteristic of the Indian economy which is predominantly an agricultural economy is the seasonality in the demand for bank funds. While during the busy season[2] there is a substantial rise in bank credit for financing the movement of crops, in the slack season there takes place a corresponding return of funds to the banking system. In recent years, however, although the seasonal ebb and flow of funds arising from the financing of crops has continued, because of the all-round growth in economic activity, the rise in prices and the spurt in industrial expansion, there has been a relatively larger demand for bank advances to industry with a non-agricultural base such as engineering, chemicals, etc., which have shown a secular rise. Thus the total advances extended to industry have steadily risen from Rs. 1,930 million in June 1954 to Rs. 3,900 million in June 1957 and now form about 42.2 percent of the total advances as against 34.2 percent in June 1954. Consequently, the expansion of bank credit in the busy season has been comparatively larger and the contraction in the slack season comparatively smaller and the seasonal variations have tended to be less marked. The situation was particularly aggravated in the slack season of 1956 when a larger demand for finance for imports and for speculative hoarding of certain agricultural commodities resulted in an unseasonal rise in the advances during the slack season. In 1957, however, with the drastic import cuts and the operation of general and selective credit controls the demand for such advances has been held in check and the seasonal pattern has reappeared. The seasonal variations in selected items of scheduled banks' liabilities and assets during the last three years are presented in the table on this page.

Money and credit policies

In a situation characterised by mounting credit demands, the Reserve Bank initiated a restrictive but flexible credit policy which, while encouraging the financing of genuine requirements of trade and industry, sought to place an effective curb on credit for non-essential and speculative purposes. To achieve this objective, the Bank adopted both quantitative and qualitative measures in a flexible manner. Quantitative credit control was exercised by stepping up the various lending rates of the Bank. When the Bill Market Scheme[3] was introduced by the Reserve Bank in early 1952 for assisting the banks to meet their seasonal demands, the Bank gave a concession of ½ percent in the rate charged on advances against usance bills, mainly to popularise the scheme. Later on, the scheme was made a permanent feature of the credit system and the banks had a large recourse to borrowing under the scheme. Therefore the rate concession was withdrawn in two stages, in March 1956 and November 1956, raising the rate to the level of the Bank's lending rate against Government securities, namely 3½ percent. Subsequently, with the raising of the stamp duty on usance bills, the effective cost of borrowing against such bills worked out to 4 percent from February 1, 1957. The Bank, therefore, with a view to avoiding the appearance of discrimination against lending against usance bills also stepped up, with effect from the same date, its lending rate against Government and other approved securities, from 3½ to 4 percent. Later on, effective from May 16, 1957 the Bank rate, i.e. the rate at which the Reserve Bank is prepared to buy or rediscount eligible bills of exchange and other commercial paper, was also raised from 3½ to 4 percent. Simultaneously, the stamp

[2] Broadly a busy season covers the period from November to April and a slack season from May to October.

[3] In the absence of an organised bill market in India, banks have not been able to have recourse to the rediscounting facilities of the Reserve Bank. Therefore, with a view to providing funds to banks to meet the seasonal requirements as well as to initiate a bill market in India, the Reserve Bank introduced the Bill Market Scheme. Under the scheme, advances are granted to scheduled banks against their demand promissory notes supported by usance promissory notes of their constituents.

Seasonal Variations in Scheduled Bank Data

(Rs. millions)

	Busy season of 1954-55	Slack season of 1955	Busy season of 1955-56	Slack season of 1956	Busy season of 1956-57	Slack season of 1957
1. Net Demand and Time Liabilities	+ 5,78	+ 5,88	+ 4,20	+ 2,45	+ 13,31	+ 13,81
2. Borrowings from Reserve Bank	+ 2,06	− 2,14	+ 5,04	+ 19	+ 1,49	− 4,29
3. Cash and balances with Reserve Bank ...	− 2,09	+ 1,24	− 67	+ 10	+ 1,60	+ 4,04
4. Investments in Government securities ...	− 52	+ 4,77	− 3,69	+ 1,61	− 2,70	+ 4,97
5. Bank Credit*	+ 10,31	− 3,30	+ 15,51	+ 27	+ 15,78	− 3,30

NOTE: the busy season is from November to April and the slack season is from May to October.

* Total of 1. advances, 2. inland and foreign bills purchased and discounted in India and 3. money at call and short notice, less inter-bank borrowings and borrowings from the State Bank of India.

† If account is taken of the fact that the busy season peak in credit was touched in early June and the slack season extended right up to the end of November, the contraction in credit works out to about Rs. 1,000 million.

Trade with the East
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duty on usance bills was lowered so that the effective cost of borrowing under the Bill market scheme came to 4.2 percent. The Bank has also strengthened its armoury of quantitative credit control by equipping itself with the power to vary the cash reserves of banks. By an amendment to the Reserve Bank of India Act, passed in 1956, the Bank has been empowered to vary the reserve requirements of scheduled banks between 5 and 20 percent of demand and between 2 and 8 percent of time liabilities. So far the Bank has not deemed it necessary to wield this weapon.

The Reserve Bank's selective credit control policy, which was initiated in 1956, was designed principally to curb the rise in the prices of certain essential commodities like foodgrains, cotton textiles, (including yarn) and sugar, as the prices of foodgrains were rising at a much faster rate than industrial raw materials and manufactured articles and there was reason to believe that bank credit was aiding speculative holding of stocks. The measures adopted related to imposition of margins and ceilings on advances against commodities. A recent directive issued by the Bank has stipulated on a monthly basis, the maximum limit of aggregate advances that could be maintained by each bank against paddy and rice, wheat and other foodgrains, with separate ceiling in respect of their offices in the surplus states for each commodity.

Commercial banks and industrial finance

The pronounced emphasis on industrial development and the important role assigned to the private sector in the Second Plan, has meant for the banking system increasing demands from industry to finance a part of their fixed capital formation in addition to the growing demands for short-term capital. It is also recognised that commercial banks are advantageously placed, in view of their wide network of branches, intimate knowledge of the creditworthiness of borrowers, flexible loan operation policies, etc. to meet some portion of the medium-term credit requirements of the small and medium sized units. Since, however, bank resources comprise mainly short-term funds, any large scale venture in this field is likely to endanger their liquidity position. Consequently, measures are being considered to supplement bank resources by providing them the necessary liquidity. An attempt in this direction is the proposal to set up a Refinance Corporation of India as a private limited company under the Indian Companies Act 1956; its initial capital of Rs. 125 million will be subscribed to by the Reserve Bank, the State Bank of India, the Life Insurance Corporation of India and 14 leading commercial banks. In addition to this, a sum of Rs. 260 million, out of the counterpart funds arising from the import of surplus agricultural commodities under the US Public Law 480 would be placed at the disposal of the Corporation as an interest bearing loan for a period of 40 years. Thus, the total resources of the Corporation would amount to Rs. 385 million which would be utilised for providing re-lending facilities to the 15 participating banks, each of whom will be allotted a quota, subject to periodic review, within which banks may offer loans for discount. Loans to be eligible for refinance are to be made to medium sized units (with total resources not exceeding Rs. 250 million) in the private sector and for periods ranging between 3 and 7 years with a ceiling on the loans to any individual borrower. The lending bank and *not* the Corporation would assume full risk of the loans made over to the Corporation for refinance.

Problems of Road Transport in India

By R. L. Gupta

(Transport Secretary, Government of India)

THE mainstay of transportation in India for over a century and a half has been the railway system and the development of the railways has occupied a central place in Indian development plans. The impact of war, and the technological development that went with it and has followed with even greater speed, has had its effect on India as on other countries. We are no longer a vast sub-continent slumbering in its latent glory, but a country fully conscious of its role in the struggle for survival. The large-scale planning for industrial development is symptomatic of this new thinking, but for industrial expansion to be possible, fullest development of the transport facilities is essential. This development can no longer be confined to the railways. Inland water transport and coastal shipping must take their share in providing relief to the railways. However, by far the greatest part in improving the transport capacity of the country can be played by road transport. It has already given proof in recent years of its ability to expand quickly.

At the beginning of the First Five Year Plan, i.e., on the 1st April 1951, India had 98,000 miles of metalled roads and 151,000 miles of unmetalled roads. By the end of the First Plan period the length of the roads increased to 122,000 miles metalled and 160,000 unmetalled. The cost involved was about £120 millions. Even with this expansion, we are far behind western countries and the US, as this table shows.

Country	Road mileage in thousands	Population in thousands 1954 Estimate	Area in sq. mile	Average road mileage per lakh of population	Average road mileage per sq. mile of area
India	282	37,70,00	12,66,900	74.84	0.22
Great Britain	188	5,10,59	94,214	374.49	2.00
Switzerland	29	49,23	15,918	593.30	1.83
Belgium	27	88,19	11,778	310.10	2.32
France	646	43,000	2,12,840	1,503.10	3.04
USA	3,030	1,62,409	30,22,389	1,865.70	1.00

By the end of the Second Five Year Plan, we expect to push up our road mileage to 144,000 metalled and 238,000 non-metalled at an approximate cost of £200 millions. This target will bring the road system to the level where no village in a well-developed area would be more than five miles from a main road and in an undeveloped area 20 miles from a main road. Even such a development will be very modest. The costs involved are so high that it is practically impossible to go faster. For instance, if we were to set an objective of bringing every village in a developed agricultural area within three miles from a main road, nine miles in semi-developed or forest areas and 20 miles in undeveloped areas, it is roughly estimated that we would require 320,000 miles of metalled and 288,000 miles of unmetalled roads, and the cost would mount to over £3,000 millions, and even then the average road mileage per square mile of area will only rise to 0.48 from the present average of 0.22. This shows the enormity of the problem.

Limited as our resources are, our current road development programme envisages the construction of 12 feet of single-lane roads mainly, whereas no road designed for fast traffic should have less than 22 feet width so as to permit two-lane traffic. Even on our national highways, the aggregate length of which today is about 13,800 miles, only 800 miles have a two-lane carriageway. At the end of the Second Plan period this is expected to increase to about 2,600 miles. However, certain major river crossings will still remain to be constructed.

At the beginning of the First Five Year Plan we started with 80,000 to 90,000 goods vehicles and about 35,000 passenger vehicles. It was estimated that to meet the demand created by the First Plan an all-round increase of 30 percent over the transport capacity would be necessary. In the sphere of road transport our development has far exceeded that target so that today we have nearly 120,000 goods vehicles and about 50,000 stage carriages. This has increased the goods carrying capacity from 8-10 million tons to 18-20 million tons. Yet it is found to be quite inadequate. It is now realised that we have not only to expand the capacity of road transport to meet the normal expansion of demand in this sphere but also to provide for the gap that will be left by the railways not being able to expand their capacity to the desired limit. It is estimated that we have to create additional capacity for an increase of 30 to 40 million tons which the road will normally have to carry by the end of the Second Five Year Plan and to meet a gap of nearly 30 million tons from the railway side. To carry 70 million tons we require a minimum number of 300,000 vehicles costing roughly £750 million!

These sums are too large to plan for in five years but a good deal can be done by improving the efficiency and the organisation of the industry. The out-turn of the vehicles today is much below their capacity. In certain areas the utilisation ratio is as low as 40 percent. The cause of this under-utilisation is the lack of organisation in the industry. One-vehicle operators, who abound in the industry, spend half their time in looking for customers. There is also cut-throat competition amongst them. This results in the vehicles being idle for more than half the time and also the trade is reluctant to utilise road services until they have been organised on an efficient and reliable basis. Active steps are being taken to rectify this position.

The urgency of organising road transport on sound lines was realised as early as 1946 when in a White Paper issued by Government it was declared as Government policy to consolidate road transport in bigger units. Government themselves demonstrated the advantages of viable units by means of the large nationalised passenger transport undertakings which have been set up in various States and in big cities. In the field of goods transport, however, the progress has been very slow and it has been decided that steps should be taken to make statutory provision for the formation of viable units in the shape of corporate bodies, cooperative societies, or unions of operators. In certain parts of the country where transport has been organised on these lines the results have been very encouraging. There has not only been greater utilisation of the vehicles but public confidence has also

been created in the services provided. We are confident that this factor alone can bring up the utilisation ratio to 80 to 90 percent and substantially increase the capacity of road transport in India.

Another method of increasing our road transport capacity is to employ truck-trailer and tractor-trailer combinations. At present trailers are operating in very small numbers and only in certain big trading centres. On the highways the use of the trailers is almost unknown. This is mainly due to the absence of large trucking units and organised operations on intra-State or inter-State routes. As the policy of the Government is to encourage the formation of viable units, increased utilisation of trailers with goods carriers will become not only a probability but a certainty. There is ample indigenous capacity for the production of trailers. Efforts have already been made to popularise their use. It is expected that during the Second Plan period 50,000 to 60,000 trailers will be brought into use.

There is no reliable estimate of the traffic carried in India on the roads by bullock carts. There can be no doubt, however, that it is a large figure. This traditional method is somewhat slow in movement, and is confined to short distances. However, it has other advantages. The bullock is a kind of multipurpose machine on which the economy of Indian agriculture depends very substantially. His utilisation for transport purposes is economical as he provides power without extra cost and the cart itself is manufactured in the village, by village craftsmen from local materials. Very considerable increase in the capacity of road transport can be achieved by improving the bullock cart and the roads. It has been estimated that a cart with wheels having proper bearings, can carry 2½ times its normal load on good roads. And the folk in the villages appreciate this point. Steps are being taken to increase the supply of proper wheels for such vehicles though progress in this direction has been rather slow so far.

In a large country like India the road transport problem is large in dimension and in cost. Achievement of western standards is outside our present limited resources but it is quite reasonable to hope that in a few years road transport will become an important, adequate, competitive but complementary service to the railway system in India.

Power Development in India

By W. H. Owens

MORE power and better means of transport and communications are urgent needs at the present stage of India's economic development. So new hydro-electric schemes, the rehabilitation of the railways and the improvement and extension of the national road network all figure very prominently in the First and Second Five Year Plans. Under the Second Plan the allocations for these national priorities have been considerably increased.

Hydro-electric development is making rapid headway in India as more and more of the vast water power of her great rivers is harnessed. Throughout the centuries these rivers have brought successive catastrophes of flood and famine. Now, at last, their waters are being conserved and controlled, and put to work for power and irrigation purposes in multi-purpose schemes that will bring incalculable benefits to millions.

Over the ten years covering both Plans, India will be spending something of the order of Rs. 687 crores on power development. In 1951-56 the country's installed generating capacity was increased by over one million kW to a total of 3.31 million kW. The target for the Second Plan is to provide another 3.5 million kW, bringing the total sum of electrical energy in India to 6.81 million kW. Speaking in Parliament at New Delhi last August, the Minister of Irrigation and Power, Mr. S. K. Patil, declared, "I have not the smallest doubt in my mind that we shall fulfil our target by the time the Second Five Year Plan is over."

It has been estimated that the hydro-electric potential which could possibly be developed in India amounts to some 35 million kW. A very considerable part of it would be harnessed from the great Himalayan rivers in the northern and north-eastern regions of the country, though there is an 11 million kW potential from the east and west flowing rivers of the southern states and about 4 million kW from the Narmada, Tapti, Mahanadi, Brahmini and Baitarni basins in the centre. Simultaneously with the development of water power, coal-fired thermal stations will continue to provide an important source of electrical power. India has adequate coal reserves to meet all the requirements for thermal power generation in the years ahead. Only about 10 percent of the coal mined at present is being used for this purpose.

Hydro-electric and irrigation schemes such as the Bhakra-Nangal project in the Punjab and the Hirakud Dam in Orissa are among the modern engineering wonders of the East. They are also the most spectacular of a number of major power projects which are due to be completed in the course of the Second Plan. The others include the Koyna, Chambal and Rihand schemes which likewise are mufti-purpose undertakings. From all these about 1.7 million kW of generating capacity is expected to be added by 1960-61.

The most important of India's new power schemes to be completed and brought into commission during the term of the First Plan is the Bokaro thermal station, which is part of the Damodar Valley Corporation Project in Bihar. This has at present an installed capacity of 150,000 kW working with three generating units. When the fourth set is installed, the ultimate capacity of the Bokaro plant will be 200,000-225,000 kW. But the total output of power, chiefly from hydro-electric stations, in the Damodar Valley scheme is at present envisaged at about 559,000 kW. This will serve the great variety of industries being developed by the DVC as well as the two state governments of Bihar and West Bengal.

Since the railways play a tremendously important part in the Indian economy (they represent the country's biggest nationalised undertaking), a herculean effort has been made in the last few years to rehabilitate the system. During the Second World War essential repairs and replacements fell seriously into arrears, and a large amount of rolling stock was sent from India to overseas theatres of war. At the time

of partition, great demands were made on the railways through the movements of millions of people across the Indo-Pakistan borders in both directions. More recently, India's new development schemes and industrial progress have placed additional heavy burdens on her rail network. During the first Five Year Plan, therefore, rehabilitation and modernisation of rolling stock and of fixed assets had priority. In this period the Indian Railways purchased 1,589 locomotives, 4,837 passenger coaches and 61,773 goods wagons. Steadily increasing traffic made it necessary to step up the rolling stock allocation in the last three or four years, so that against the original allotment of Rs. 400 crores, the total expenditure on the railway programmes under the First Plan has worked out at about Rs. 432 crores.

The allotment for the railway expansion programme during the Second Five Year Plan totals Rs. 1,125 crores, of which the railways are expected to provide Rs. 150 crores from their own revenues. This new programme provides for the doubling of 1,600 miles of track, conversion of 265 miles of metre gauge lines into broad gauge, and the construction of between 800 and 900 miles of new lines. Over 800 miles will also be electrified, and nearly 1,300 miles converted to diesel working. The Second Plan also allows for a much larger increase of rolling stock than in 1951-56, as well as for the necessary expansion of maintenance and repair workshops. Most of the existing railway workshops were built many years ago and are of too limited capacity for present and future needs.

Within the last few weeks the first 3,000-volt electric locomotives to operate in India have been put into service on the Eastern Railway. Electrification of this line was the only alternative to the construction of additional lines for handling the fast growing traffic and relieving congestion in the Calcutta area. The English Electric Company of Rugby, England, was awarded the contract for supplying twelve 111-ton, 3,120 h.p. locomotives. These new electric locomotives are designed for a maximum service speed of 70 m.p.h.

EAST EUROPEAN COUNTRIES INCREASE TRADE WITH INDIA

INDIA'S trade with the Soviet Union and other countries of Eastern Europe, which only a few years ago represented a fraction of one percent of India's global trade, has been increasing lately. Although it is even now only very small from the point of view of the country's total trade, it represents already now an important factor in the diversification of India's foreign trade. And all indications point to a continuation of this development of economic and trade relations between India and the countries of Eastern Europe.

According to the latest available statistics, India's imports from Eastern Europe reached the value of Rs. 193 million during the nine-month period of April-December 1956 or nearly 4 percent of India's global imports, as against Rs. 51 million during the corresponding period of 1955 when they amounted to about 1 percent of the total imports. India's exports to that area increased from Rs. 28 million during the April-December 1955 period, to Rs. 144 million during the corresponding period of 1956, or about 3.5 percent of India's global exports. The nearly fivefold increase of India's exports is particularly noteworthy as simultaneously India's global exports have shown a small decrease.

The Soviet Union is India's main trading partner in East Europe, and agreements for a number of contracts for the supply of equipment for some of India's major development projects have been placed with the Soviet Union. The biggest contract is the building of the steel plant at Bhilai. It has been signed on a Government-to-Government basis and includes the supply of plant and structurals on an easy deferred payment basis. According to the latest reports this steel plant is likely to be completed earlier than the steel plant built at Rourkela by Krupp and Demag of West Germany and that at Durgapur built by a British consortium, the latter contract having been signed later than the other two. It is expected that the steel production at Bhilai will commence early in 1959.

The engineering industry of Czechoslovakia finds a good outlet in India for complete industrial plants, including sugar mills and steam power plants. In many instances the machine tool industries of Czechoslovakia, Hungary, Poland and East Germany, were able to secure orders for their products in India, including from the railway administration, due to their lower prices and shorter delivery terms than those quoted by their western competitors. The economic development of India increases the possibilities of further exports from Eastern Europe to that country.

In the field of India's exports to Eastern Europe there is also great scope for further developments. India's Minister for Commerce and Industry declared recently that the Soviet Union and East Germany were expected regularly to purchase their coffee requirements from India. Prospects of coffee exports to other East European countries also appeared to be promising. Although Poland and Czechoslovakia have been buying their coffee from Brazil, the introduction of Indian coffee into these countries has met with some satisfactory response. The Soviet Union represented an important market for Indian exports of black pepper and out of India's total exports of black pepper valued at Rs. 14.3 million, the share of exports to the Soviet Union amounted to Rs. 5.5 million within the first 3 months of 1957. Smaller quantities were also exported to Poland and Czechoslovakia. Exports of cashew kernels to the Soviet Union and Eastern Germany have increased recently.

East Europe is also an important market for India's dry goat skins and during the first quarter of 1957 out of the total exports amounting to Rs. 16.3 million, the Soviet Union took Rs. 7.2 million and Czechoslovakia Rs. 1.5 million worth. Czechoslovakia and Poland take together at present over one third of India's exports of iron ore and concentrates, and the exports of mica to Eastern Europe have increased considerably during the last few years. During the 1956/57 financial year out of the total exports of mica valued at Rs. 87.7 million, Poland took Rs. 1.9 million, Czechoslovakia Rs. 1.8 million and the Soviet Union Rs. 0.6 million worth. Indian tobacco, too, finds an important outlet in the Soviet market.

Hungaro — Indian Trade Relations

IN the years following World War II, the economic structure of Hungary has undergone favourable changes as was also the case with India after 1947. This has had a beneficial effect on the development of trade relations between the two countries who signed their first commercial agreement in April 1949. It remained in force for one year and contained schedules and quotas. The agreement now in operation was concluded in July 1954 and, in January 1957, extended for a further two years. The agreement reached in 1954 does not stipulate quotas and values, but consists only of schedules. In June 1957 the Indian Government Foreign Trading Enterprise and the Hungarian Chamber of Commerce agreed to conduct accounting in Rupees, i.e. Hungary undertook to buy Indian products for the Rupees realised by Hungarian exports.

These treaties and agreements based on the principles of equal rights and mutual benefits, have opened a wide scope for the development of trade between the two countries. Though its turnover is rather limited as far as the value and percentage of foreign trade as a whole are considered, it has been rapidly increasing since 1954.

Indo-Hungarian trade between 1955-1957.

	1955	1956	1957 Jan.-Oct.
	(In percentages. 1954 = 100)		
Exports	240	980	1350
Imports	111	141	249
Total turnover	181	593	836

The schedule shows that, first of all, the Hungarian exports to India soared fourteenfold during three years. It included mainly locomotives and other rolling stock, wire drawing and enamelling machines, machine-tools ACSR cables, electric supply meters, porcelain insulators, bath-tubs, black screws, pencils, card clothing and hand tools. The Hungarian industry supplied equipment for two cable factories (for Patiala and Faridabad) which included 18 wire-drawing and enamelling machines, 13 measuring and testing apparatus and 2 sets of drawing dies. Besides, Hungary sold 40 steam-locomotives, installations for the two Kashmir water power stations and a number of travelling and port cranes. When extending the 1954 trade agreement, Hungary undertook to deliver machine-tools, factory equipments, power stations, locomotives, cranes, electric motors, hospital equipments, precision instruments, various laboratory and electrical measuring apparatus, galvanometers and agricultural appliances. The export of consumer goods is restricted by different circumstances: on one hand the foreign exchange position of India and, on the other, the fact that India's industry has been rapidly developing, mainly the lines producing consumer goods.

Imports from India to Hungary show a substantially slower increase. Mainly refining ores, cotton waste, goat skins, mica, tobacco and copper-dross were delivered to Hungary from India.

Deliveries from India to Hungary.

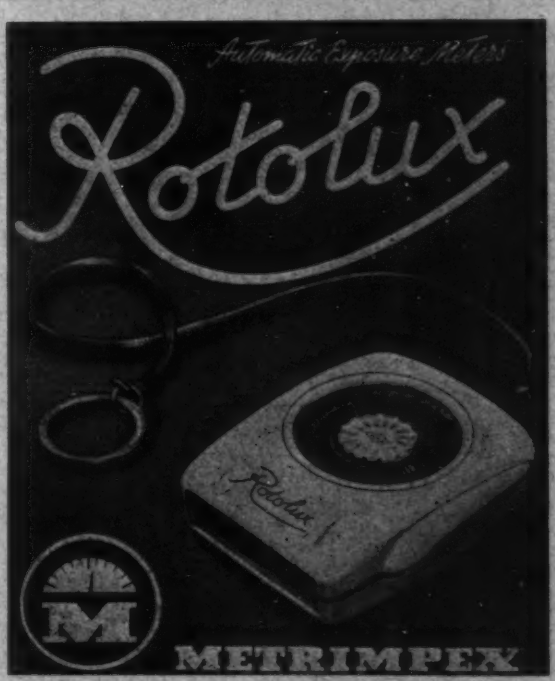
	1955	1956	1957 Jan.-Oct.
	(In percentages. 1954 = 100)		
Materials	72.7	79.4	100
Light industry	11.7	17.0	—
Agriculture	15.6	3.6	—

Deliveries from Hungary to India.

Machine and precision instruments	64.0	38.7	88.7
Materials	32.0	50.6	1.37
Light Industry	1.9	10.6	8.9
Agriculture	2.1	0.1	0.03

Under the trade agreement extended in January 1958, India delivers colonial goods, vegetable oil, oil-cakes, raw hides, cotton-waste and basic chemicals to Hungary. It is estimated that Hungary could purchase Indian goods to a yearly value of about £1 million to 1.5 million. In addition, there is opportunity of realising reexport business even bigger than this.

For the time being, however, the development of Hungaro-Indian trade meets with difficulties. Hungary has, for years, conducted her business with private companies. But India's foreign exchange problems, as already pointed



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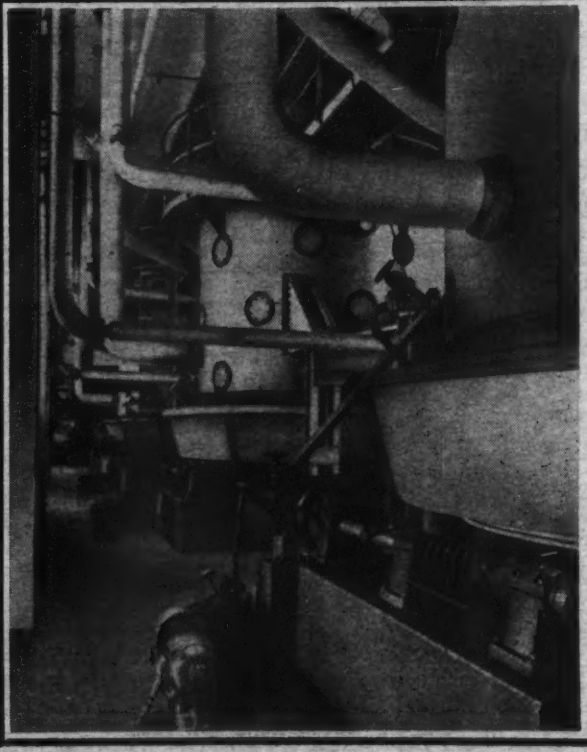
out, induce the government to impose heavy restrictions on imports, affecting mostly private firms. The 1957 agreement based on accounting in Rupees, has improved the situation and calls for the cooperation of the State Trading Corporation of India to realise Hungarian export transactions. Moreover, the agreement contains a clause to the effect that this body is to intervene to secure import licences which could not be obtained otherwise or not without considerable difficulties. It is true that in the cooperation with the STC only the first steps have been taken, but further development of this cooperation would have a beneficial effect on the exchange of goods between the two countries.

The Hungarian Government lays great store by the trade and other relations with India and has several plans for extending these connections. It intends to establish further commercial agencies, maybe in Calcutta and Madras, beside the Delhi and Bombay agencies already in operation. It would gladly agree with the Indian Government upon the exchange of students, engineers, scientists etc. In their opinion it would be beneficial for both countries if an agreement could be reached on these questions of technical aid and cooperation and the Hungarian foreign trading enterprises would be interested in the purchase of manufacturing technologies, licences e.g. from the Indian pharmaceutical, electrical and other industries. It is the firm view of the Hungarian trade organisations that the turnover between the two countries can be substantially enhanced by joint efforts.



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Indo - Czechoslovak Business Relations

INDIA has today an extraordinarily important economic and political position in South-East Asia. In comparison with the other countries of this area, India has the most developed industry. It is plain that the Czechoslovak Republic follows with great interest the efforts of the Indian people to industrialise their country and is ready to support them fully. During the second Five-Year Plan the basis of heavy industry is to be laid, foundries, steel works, engineering factories of all kinds are to be erected and the communication network is to be extended, etc.

The problem of achieving this aim is not only a question of investments, but depends at the same time upon experience in production, reliability and efficiency of the machinery of the factories. For these reasons this task is not only the concern of home trade, but becomes to a great extent the task of foreign trade. There is no doubt that in achieving this aim Czechoslovakia is in a position to contribute quite considerably, since she has the experience of a highly developed industrial country, which even before the Second World War took an extensive part in world trade.

Czechoslovakia is today able to supply many more goods than before the war. During recent years she has become a great industrial power, as far as the bulk of her production is concerned as well as from the point of view of the average production per head. According to the statistics of the Economic Council of the UN, Czechoslovakia is among the first ten countries in the production of iron and steel, engineering products, the production of electricity and the mining of black and brown coal (taking the average per one inhabitant). In the production of machine tools and diesel engines she has surpassed a number of much larger European countries and now occupies the position of fifth place in world production. Czechoslovakia is a country noted for its heavy engineering and is one of the most important suppliers of engineering products. In comparison with their pre-war production Czechoslovak factories are producing now more than four times as much as before and their production capacity is growing from year to year. It is estimated that in the years 1956-1960 the engineering industry will increase a further 83 percent, so that its share in the entire Czechoslovak industry will amount to 34.8 percent. Thus, even from the point of view of the composition of the industrial potential, Czechoslovakia is on a level with most developed countries.

Czechoslovak products already have a good name on the Indian market and Czechoslovakia ranks among India's most important suppliers of machine tools. Diesel engines and pumps help Indian agriculture by irrigating extensive areas, and Czechoslovak electrical equipment provides the power

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in many Indian factories. Lately Czechoslovakia has obtained important orders for railway engines and carriages for the Indian railways (50 engines and 2,050 carriages). Czechoslovakia also supplied during the years 1956/57: three steam power plants, three sugar factories, one cement factory and an outdoor switchgear. On the occasion of the official visit of the Czechoslovak Prime Minister to Delhi, negotiations came to an end concerning the participation of Czechoslovakia in the building of an extensive metallurgical works. This works, the first of its kind, will cover the demand for forgings and castings for a heavy engineering plant which will have a capacity of 45,000 tons of engineering products annually. It will start production during the years 1961-64 and will be equipped with a heavy forge, a foundry for cast steel, a foundry for grey cast iron, a foundry for non-ferrous metals, and other auxiliary installations. The maximum weight of the castings will be about 100 tons. Rollers for rolling mills will also be produced. For the time being the works will be the greatest delivery from Czechoslovakia to India and technical help will be given during the construction as well as during the establishment of production.

Business relations between the countries are not one-sided, but will be to the advantage of both. The extent of their mutual business relations grew in the years 1955-56 by about 45 percent compared with previous years. According to the mutual agreement for the period 1957-60 India will supply not only several raw materials and semi-products such as iron ore, mica, hides, and shellac, but also her traditional export goods such as spices, tea, coffee, oil seeds, vegetable oil, tobacco, oil cake and various products of the home industry. These products, which Czechoslovakia needs not only for her industry, but also for covering the growing needs of her population, are more and more in demand in the Czechoslovak Republic. Also in the future a further extension of the mutual business relations between the two partners on the basis of equal rights is foreseen.

Trade between Bulgaria and India

DIRECT trade and trade relations between Bulgaria and India have only existed for a few years. Up to 1953 only a few Indian goods were imported into Bulgaria in small quantities, through third parties, while Bulgarian goods were totally unknown on the Indian market. The first trade agreement between the two countries was signed in Delhi, following on the visit of a Bulgarian Trade Delegation to India in June, 1953. The agreement was to run until December 31, 1954, but was later prolonged until December 31, 1955.

This document was a decisive step forward in the development of trade and economic relations between the two countries, and created a base for trade and for settling payments.

In the period of 1953-1955, Bulgaria exported to India a number of goods such as carbide (urea), grège (raw silk), bicarbonate of soda, soda nitre, sheet glass, etc., and imported from India black pepper, cardamon, shellac, films and so on. A new trade and payments agreement was signed on April 18, 1956 to run until December 31, 1959, with the proviso that the two countries were to agree every year on the lists of goods to be exported and imported for the respective year. The lists, valid for 1957, were agreed upon in Delhi on June 20 of the same year.

There are still large numbers of Bulgarian and Indian goods, the possibilities of supplying which are now being studied, while transactions in some of them are already under way. For instance, Bulgaria is interested in light and heavy Indian hides, manganese and iron ores, oils and oil-bearing seeds, cotton, animal hair, etc. The machines and installations which Bulgaria can supply may give a big impetus to the development of trade relations between the two countries. Bulgaria is already able to supply a number of machines, the complete plant and installations for enterprises which India needs. She can also undertake the entire construction of mills for the primary processing of cotton, factories for the processing of meat and slaughter-house equipment, mechanised silos, ore-dressing factories for copper, zinc and lead concentrates, for the processing of rice, barite, matches, for the production of ferrous alloys, the separation and sorting of coal, flotation factories for coal, and so on.

Bulgarian enterprises for electrification and hydro-construction can undertake all-inclusive surveys, and also supply hydro-power stations of different capacities, build dams, cable lines for transport and distribution, irrigation installations, bridges, roads and transformers. The first surveys are already under way, which will enable Bulgaria to undertake the construction of certain projects provided for in India's Second Five-Year Plan.

Bulgaria has at her disposal a considerable number of technical cadres, and can give a measure of technical assistance to India, in drafting the blue-prints of certain works and enterprises, and training local Indian cadres, or in carrying out the work of construction.

For the development of trade relations between the two countries, Bulgaria has established commercial services at the Bulgarian Legation in Delhi, and in Bombay. The commercial services of Bulgaria in India can give all necessary information on the possibilities of the sale and purchase of Bulgarian and Indian goods, and on other matters concerning the exchange of trade.

Rumanian—Indian Economic Relations

THE raising of the Rumanian and Indian diplomatic missions in Bucharest and New Delhi to the rank of embassies, with a view to strengthening the friendly relations existing between India and Rumania, was met with a feeling of deep satisfaction by the peoples of the two countries. As a result of the policy adopted by their respective Governments — although separated by thousands of miles — India and Rumania began to cooperate to a steadily increasing degree. The most important form of co-operation between these two countries being foreign trade.

About a decade ago no economic relations existed between India and Rumania. The few Indian commodities that reached the Rumanian market as well as some Rumanian products sold on the Indian market came from re-exports and were consequently passing through the hands of intermediary firms. Direct economic relations between India and Rumania were established for the first time in history only in 1954.

The Rumanian-Indian trade agreement, concluded in Delhi four years ago, and still in force, established direct economic relations between Rumania and India, based on the principles of full equality of the two parties, of non-intervention in the internal affairs and of bilateral advantages. It paved the way for the establishment of intense commercial exchanges between the two countries and stimulated the exchange of visits between representatives of Indian and Rumanian economic circles, in view of reciprocal information about existing trade possibilities. As a consequence, in 1956, the volume of goods exchanged between India and Rumania increased almost four times as against 1955, and in 1957 it was about six times higher. An unquestioned contribution to the development of Rumanian-Indian economic relations was the opening of Rumanian economic agencies in Bombay and Delhi and the participation of some Rumanian foreign trade companies in the 1955 Indian Industries Fair in New Delhi. This, and the intense exchange of visits in connection with foreign trade have led to the establishment and strengthening of relations between Indian firms and Rumanian companies and thus to an increase in the volume as well as to continuous broadening of the range of goods exchanged.

Until 1956, for instance, Rumania exported to India only certain quantities of newsprint, beech-timber, building materials — mainly cement — hurricane lanterns, various chemicals and pharmaceutical products. From last year, Rumania began to supply India also with oil-drilling and production equipment. The first installation of this kind, with a drilling capacity of 3,200 metres — set up by a group of Rumanian engineers — was put into operation on March 31, 1957 in the region of Javalamuki. On this occasion, Mr. M. Ramadhian, Secretary to the Ministry of Natural Resources and Scientific Research of India, visited the site and expressed his admiration for the painstaking and determined efforts made by the Rumanian specialists and for the perfect accomplishment of their task.

Since last year economic cooperation between India and Rumania has expanded even more. Once they had convinced themselves of the high level of Rumanian engineering, Indian economic agencies ordered in Rumania an increasing number of industrial products, among which power transformers up to 16,000 kW (requesting also technical assistance for setting them up), as well as electric meters, electric household appliances, etc. The "Electroputere" Works in Craiova have already executed the greater part of these orders and a group of technicians and specialists from the foreign trade state company "Industrialexport" went to India to give the requested aid. Other Indian orders for machine-tools and road-building machinery are now in the course of manufacture.

In its turn India now sells on the Rumanian market increasing quantities of products specific to its economy such as: shellac, vegetable oils, essential oils, pepper, sugar, hides, cotton yarns, etc. And there are good prospects of continuously expanding the range of Indian products delivered to Rumania.

It is self evident that, although of relatively recent date, Rumanian-Indian economic relations are being built up successfully, thus proving the mutual interest that lies at the base of their development. There is no doubt that this evolution will continue also in the future, contributing to the deepening of the friendly relations between the Rumanian and Indian peoples and the strengthening of the many-sided bonds between Rumania and India.

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Finland's Trade with India

THE conditions for direct imports from India into Finland were considerably improved last autumn when Finland issued a free list comprising some 70 percent of the country's total imports from western Europe. The Commonwealth countries except Great Britain are formally outside the multilateral agreement which was made between Finland and its most important West European trade partners (excluding France). They have, however, been included in the system by a decree which states that an import licence for goods listed among liberated imports — among them also textiles — is granted *automatically* when purchased from other Commonwealth Countries than England. The possibilities for India to improve her position on the Finnish market through active sales work are thus much better than before. Naturally, the new situation is not yet reflected in statistics.

Regarding Finland's exports to India, the development of the institutional conditions has rather been the contrary. Finland is the main supplier of newsprint to India and, at the same time — as can be seen from the table below — the newsprint is predominant among Finland's exports to this country. Since the General Open Quotas for newsprint were abolished the market has considerably strained — even though licencing has not stopped — because the newspapers have been compelled to utilise, in the first place, their normal running stocks. The difficulties are still more perceptible regarding other kinds of paper, even though licences are granted continuously to actual users.

Finland has found an important market for electric cables in India. There are also technical possibilities for the export of heavy industrial machinery, particularly woodworking machinery. Export prospects are, however, hampered by India's demand for deferred payment. Finland's possibilities for export of capital are rather limited. Of great interest to Finland, on the other hand, are the public procurements within the framework of ICA and other financing systems. Finland is active also in the field of technical consulting, mainly in connection with paper making, but also within the building industry. A valuable initiative contribution to Finland's export of "know-how" is made by a team of forest industry experts who are at present in India for the purpose of investigating the utilisation of Himalayan pinewood reserves as a source of raw material for the Indian paper industry. The work is a part of an economic and technical agreement between the Governments of the two countries. Within the framework of this cooperating scheme, a number of Indian trainers are studying forestry technique in Finland.

Finland's direct and indirect exports to India in 1957.

	£
1. Timber birch plywood £19,000, other qual., e.g. aircraft plywood and spools.	21,000
2. Paper pulp sulphite cellulose £48,000.	49,000
3. Board and paper newsprint £770,000. writing and printing paper £98,900. kraft and wrapping paper £75,000. board, including fibre board and kraft liner £16,500.	960,000
4. Staple fibre.	66,000
5. Electric cables.	174,000
	1,235,000

Finland's direct and indirect imports from India in 1957.

Nut kernels	1,540
Tea	109,000
Cardamom and other spices	119,000
Shellac	9,700
Different fibres for plaiting	7,660
Castor Oil	6,800
Tobacco	3,100
Sheep hides and others	20,700
Furs	3,960
Rubber and rubber products	47,000
Timber	1,240
Silk materials	4,200
Cotton waste	19,200
Hessian cloth, coconut fibres, etc	39,000
Needlework	5,100
Textile waste	21,000
Goods made of non-precious metals or materials suitable for carving.	4,550
Other goods	6,200
	430,000

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who would probably in normal circumstances not have taken out Singapore Citizenship, rushed to apply for citizenship before the close of the initial three-month registration period which ended on January 31. Many of them stated they feared that if an anti-capitalist and anti-white PAP Government came into power at the general elections due to be held in August next then they would not be allowed to return to Singapore if they left on furlough unless they were Singapore citizens. And so it goes on. The City Council has become the battleground for the fight against colonialism. But it is difficult to understand why this is so. Colonialism is finished. Even the matter of "Malayanisation" is not resisted by Whitehall or anyone else. All that remains is a "colour bar in reverse" — an anti-white complex — which, it is hoped, will die out in due course. But it is true there may still be persons in favour of colonialism and it is perhaps against these that Mr. Ong is tilting.

Australia

Macmillan - Menzies on Indonesia

From Charles Meeking

(EASTERN WORLD Canberra Correspondent)

Although the British and Australian Prime Ministers discussed the situation in Indonesia "at great length," their final press conference in Canberra revealed little of their thoughts and nothing of their plans, if any. Mr. Macmillan said it was hoped that "developments" would reduce the Communist menace in Indonesia (while in Djakarta the Indonesian Prime Minister, Dr. Djuanda, was rejecting rebel proposals from Sumatra), and Mr. Menzies said the West New Guinea issue had not been discussed. This latter statement was, of course, astonishing. Even newspaper readers in Australia know by now that every political party in Indonesia, including the Masjumi and all other parties opposed to the Communists, is committed to continue the struggle to gain sovereignty over West Irian, and that whatever the eventual upshot of Indonesia's present difficulties there will be no modification of the campaign for that area.

The Prime Ministers' remarks seemed to imply tacit or actual support for some Indonesian regime opposed to Communism. If this is correct, it is a pity that they were not more explicit. It may be reassuring for Australians (and Britons?) to learn that Mr. Macmillan and Mr. Menzies are agreed about defence in South-East Asia, that Mr. Macmillan does not want more Australian aid in Malaya, and that both the Prime Ministers agree that Antarctica should not be fortified. But in present circumstances it is not clear what Mr. Macmillan implied when he reminded the Canberra press conference that Britain had supported Australia and Holland in opposing the Indonesian claims to West Irian. Mr. Macmillan and President Sukarno met in New Delhi, at a luncheon given by Mr. Nehru, and there can be no doubt of the emphasis which Dr. Sukarno would have laid on the West Irian issue.

It is unfortunate that during the months of the current Indonesian crisis the Australian Government has not done or said anything which might tend to reassure Indonesians and lead to some moves for stability in the Republic.

Officially, this would be attributed to a correct policy of non-interference in the domestic concerns of a neighbour. Unofficially, it suggests a lack of concern with Australia's safety and security which is alarming. It was highly significant that a few hours before Mr. Macmillan and Mr. Menzies held their final conferences, Dr. Djuanda pointed out that the security of both Indonesia and Australia depended largely on the bonds of friendship between them. He added that Australia had never laid down clearly the conditions under which she would approve Indonesian sovereignty over West Irian, but that he had detected a less sharp tone than previously in recent remarks to the United Nations on the issue by the Australian delegate. As this is written in mid-February, the Australian Government has made no response to this move. Presumably it is awaiting the "developments" hopefully but vaguely mentioned by Mr. Macmillan.

In the meantime the hysterical campaign against Indonesia by some Australian newspapers is easing. There has been no official reply to the disturbing assertion by one of the best-informed foreign correspondents, Douglas Wilkie, of the Melbourne "Sun News-Pictorial," who said recently that the retiring Australian Ambassador in Washington, Sir Percy Spender (now on the bench of the International Court) had been declaring privately in Washington that if the Dutch moved out of West New Guinea the Australians would move in. This assertion created some alarm in informed circles, although it was doubted if Sir Percy would have been guilty of such a suggestion. It was felt, however, that the Australian Government should have made it quite plain to Asia and the rest of the world that there was no foundation for any suggestion that Australia would fly in the face of Asian opinion in such a way.

Mr. Macmillan's visit to Australia was successful as a public relations gesture, if not particularly informative. He endeared himself to the crowds, and the newspapers, by going off the official red carpet frequently to talk to "ordinary men and women" assembled to see and greet him. He spoke a little about defence and subversion in South-East Asia, and gave an assurance that "substantial" British forces would be maintained in that area.

He talked with the Leader of the Opposition, Dr. H. V. Evatt, and other leaders on both sides of politics. He heard the Labour Premier of Tasmania, Mr. Cosgrove, urge a Commonwealth organisation, with a permanent secretariat, but made no comment on this controversial issue, although he paid frequent tributes to the spirit of the new Commonwealth, of which he had learned much during his tour. There was no official indication, however, of whether he had discussed on any level the future role and policies of the Commonwealth in a world of shifting balances and new alignments. The European Common Market was considered, and Mr. Menzies was able to say that Australia viewed British participation with warm sympathy. It was added that Australian markets in Britain would be preserved.

The British Prime Minister was impressed by the strength of Australian feeling in favour of a larger proportion of British migrants coming to this country — a matter which has recently become something of a political issue, in view of mixed feelings about the large inflow of migrants from

southern Europe, especially Italy.

Throughout the brief visit the newspapers welcomed both the fact that for the first time a British Prime Minister in office was in this country, and the comments which Mr. Macmillan made on a variety of topical matters. There was strong support for his negotiations on a "summit conference," and for his views on the role of democracy in the struggle for power today.

It will be some time, apparently, before it is known whether the Australian visit will have any permanent results. Between his departure from Darwin and his arrival at Singapore, Mr. Macmillan flew over a portion of the vast and thickly populated archipelago of Indonesia. His thoughts during that passage might have been interesting. His views might have been of greater value if he had landed in Indonesia and taken the opportunity of meeting some of the leaders in that important (and for Australia crucial) portion of the world.

Pacific

Prosperity in Tonga

From A Special Correspondent

Among the Pacific island groups, Tonga is in several ways the most unique and most prosperous. An independent kingdom ruled over by the much beloved Queen Salote, Tonga became a British Protectorate in 1900. It has an area of 269 square miles consisting of three main groups of islands which are divided into 150 islands and islets. The total population is 56,000 of whom 99 percent are native.

Tonga's system of government is unique within the British Commonwealth for it is half way between feudalism and democracy. The Queen is advised by a Privy Council which is the chief executive body. Then there is a Cabinet of eight over which presides Prince Tungi, heir to the throne, as Prime Minister. The only member of the Cabinet who is not a Tongan is the Financial Minister; he is a European member of the Tongan Civil Service. Government Acts are passed by the Legislative Assembly consisting of members of the Privy Council, seven nobles elected by the peers of the realm, and seven representatives elected for three years by popular male franchise. Every voter must be 21 years of age, a tax payer, and can read and write. Although this system seems old-fashioned in a modern political world, it appears to be well suited to Tonga as it has enabled western techniques to be successfully applied to Tonga's social and economic life.

Agriculture is the mainstay of the economy, and copra is the principal export crop. For the last nine years the United Kingdom has bought the entire copra output for which the Tongan producer received between £50 and £60 a ton. An export tax of £8 on a ton brings in about one-third of the total government revenue, the other two-thirds coming mainly from general custom duties. Any fall in the quantity of exports or in the price of copra would seriously affect Tonga's economy. The other two exportable crops are banana and pineapple, which go to New Zealand, but their value is still small.

The United Kingdom takes almost 90 percent of all Tonga's exports and the Commonwealth 10 percent. Imports are about 64 percent from the Commonwealth, 24 percent from the United Kingdom and 12 percent from foreign sources. Most of the imports consist of consumer goods suitable to meet the needs of an agricultural population. There is no national debt, and the budget has shown a surplus each year since 1950-51. Instead of using this surplus for capital development projects in Tonga, it is invested in various Commonwealth securities ready for any urgent use.

The present system under which land is owned or leased today is similar to that under an ancient feudalism system, which supported a supreme chief, hereditary landed nobles and several commoners. The main change is that the Crown owns all lands and the tenure of hereditary title-holders. It is also responsible for allocating lands, collecting rents and the eviction of tenants who fail to cultivate at least 200 coconut trees on their land or pay their rent.

On reaching the age of 16 years every youth is entitled to 8¼ acres of land for the cultivation of crops as well as a small village allotment for his house for which he pays an annual tax of £1 12s. 0d. The nobles must provide land for their own people out of their hereditary estates for which they receive an annual rent of 1s. an acre. This land is passed on from one generation to another.

This system of land tenure has prevented the development of landless peasants and so has provided a stable social system. Nevertheless, the growth of population and the shortage of agricultural land is making it difficult to adjust this system. The solution here is that traditional methods of cultivation will eventually have to be replaced by more modern methods as the shortage of land becomes acute. At present sufficient food is produced to meet the requirements of domestic consumption, and the export demands for copra, bananas and pineapples are fully met.

In order to give its people a reasonable standard of living the Tongan Government operates free medical and educational services. The health and medical services cost about £1 2s. 0d. per head a year and represent about 12 percent of the national budget. Every Tongan can receive free medical, dental and hospital treatment, while public health and child welfare services are also available. These services are administered by European professional advisers and Tongan doctors trained at the Central Medical School in Suva.

Education is compulsory for everyone between the ages of six and 14 years, and is free in 70 government co-educational primary schools and fee-paying in the 57 mission schools. There are fourteen mission and state secondary schools. Primary school teachers are trained at a local teachers' training college, while Government scholarships are open to Tongans going to New Zealand or Fiji for professional or university training. The cost of education is just over 12 percent of the national budget or about £1 4s. 0d. a head.

As there are no poor nor unemployment and the elderly are taken care of by the rest of the family the need for other social services is unnecessary. Moreover, little crime exists so the cost of maintaining law and order is about 9s. a head per year as only about ten policemen are needed on the islands. The number of offences varies little from year to year, but traffic offences have increased over the past few years because of the increase in the number of motor vehicles

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on the road.

The rapidly increasing population is the greatest problem which faces Tonga in the near future as it will not only put a strain on the land but also on the cost of health and education services. Therefore, it may become necessary for Tonga to diversify her economy so that she is not entirely dependent on agriculture, but as the country is lacking in minerals, the problem would by no means be an easy one.

United States

Asia Society

From David C. Williams

(EASTERN WORLD Washington Correspondent)

The growth of American interest in Asia has been indicated by the launching of the Asia Society, intended to attract the many people in the United States, both Asian and American, who, in the words of the Society's President, John D. Rockefeller 3rd, "share the conviction that fostering increased knowledge and understanding between the peoples of the United States and of the countries of Asia is an important and valid undertaking." The officers of the Society include, as Chairman, Dr. Grayson L. Kirk, the President of Columbia University, and as Vice-President Ernest A. Gross, a high official of the State Department under the Truman Administration. Among the Trustees is former US Ambassador to India, Chester Bowles.

The Society is forming a series of country committees to give particular attention to programmes relating to individual Asian countries. The first to be set up, the India Committee, has as chairman Norman Cousins, editor of the *Saturday Review of Literature*, and includes among its members Senator John Sherman Cooper, former Ambassador to India, and Dr. Amiya Chakravarty, Professor of Philosophy at Boston University. Two committees which will cut across national lines are the Gallery Committee, which has been formed to operate the art gallery which will be a part of Asia House, the Society's New York headquarters, and the Cultural Exchange Committee, which will arrange travel exhibitions of Asian art in America and vice versa and bring to America a few persons from Asia working in the fine arts, including poets, novelists, translators, and musicians and dancers.

The first issue of the Society's newsletter reviews a number of programmes and news items of Asian-American interest, ranging from "In Step," the Indian Steel Training and Educational Programme in the United States, to the appointment of Dr. Hugh Borton as President of Haverford College, the first scholar specialising in Asian affairs to be chosen to head an American institution of higher learning.

The "In Step" programme is designed to train Indian engineers to take their place in their country's rapidly expanding steel industry. It is providing 200 future leaders of Indian industry with a rare opportunity for first-hand knowledge of American economic life and of the American people.

The trainees are selected by the Indian Government and each of them has pledged himself to at least five years' work in the Indian steel industry upon his return. At the five colleges which are cooperating in the programme, the trainees spend one day each week in the classroom and four in a nearby steel works. On-the-job instruction consists of general observations of all steel-making processes, and groundwork training in basic operations and facilities, supplemented by lectures. But each student is essentially engaged in specific operations preparing him for the job he will do in India on his return. Supplementing the experience and knowledge derived from their formal courses of instruction is the insight the trainees gain into the life of the people around them. As students and as active participants in an industrial operation, these young engineers have a variety of contacts with Americans of different backgrounds and interests. Friendships are formed with their classmates and instructors at the colleges, and with their supervisors and fellow-workers at the steel mills.

The Asia Society notes that Dr. Borton, the new President of Haverford College (a Quaker-affiliated college for men, of very high academic standards) has long been known internationally as an authority on Japan. He was formerly Director of the East Asian Institute at Columbia University, where he was also Professor of Japanese. From 1942 to 1948 he served the State Department as Chief of the Division of North-East Asian Affairs and as Special Assistant to the Director of the Office of Far Eastern Affairs. Dr. Borton has introduced at Haverford College the first regular (rather than graduate) course on Asian affairs—a seminar, conducted by Dr. Borton himself, on the history of Japan, China, and Korea for the past century.

At a less rarefied level in the school system, the Asia Society notes the educational television programme, "Spotlight on Asia," which has been brought to thousands of school children in the vicinity of New York City since the beginning of the school year last autumn. Each Tuesday morning this programme has been received in classrooms and school assembly halls and has displayed to the student viewers the customs and traditions, the arts and folklore and many other aspects of life in different parts of Asia.

Both school libraries and local public libraries in areas the programme reached have reported a marked increase in the demand for books about the countries and peoples of Asia. The New York Board of Education received over 150 letters and cards a week from housewives and other adults who had watched the programme, and one telecast which appeared during a school holiday was watched by a majority of the children with home TV sets, although they were under no compulsion to do so. Lively and well-designed typographically, the Asia Society's newsletter contains much else of interest, and one looks forward with anticipation to its future issues.

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Ceylon

Flood Distress

From Our Colombo Correspondent

The recent floods in Ceylon — the worst for several decades — have caused 300 deaths and rendered more than 300,000 people homeless. Nearly 2 million people, roughly one-fourth of the total population of the Island, have been affected in one way or another by the floods. A depression on the east coast of the Island, which normally experiences the North-East Monsoon during this time of the year, led to continuous rainfall in the central, northern and eastern parts of the Island.

The major flood damage has centred round five of the largest irrigation reservoirs in the central and north central parts of the Island. These reservoirs, some of them several centuries old, were constructed for the storage of water for rice-cultivation. Since Ceylon regained Independence in 1948 most of these tanks were repaired and their irrigation systems were restored. As a consequence large tracts of land surrounding them were reclaimed from the jungle and cultivated under peasant colonisation schemes. Most of the Island's rice is grown in the North-Central and Eastern Provinces which are most severely affected by the floods. The heavy rainfall led to the filling up of the tanks and the breaching of their bunds. The flood waters then rushed into the surrounding villages and rice fields destroying homes and crops. Road and rail communications were disrupted in several places, whole villages have been submerged and large numbers of people marooned and completely cut off from supplies for days.

There was also damage in some highland regions due to landslides and earth slips. Several houses were demolished by landslides with heavy loss of life. The Ceylon Government took immediate steps to relieve distress due to the floods. A Central Flood Relief Fund has been established, the rice ration has been halved, bread and essential foodstuffs have been requisitioned in Colombo, and other measures were taken to rush help to the affected areas.

Several countries responded to the appeal of Ceylon's Prime Minister, the Hon. S. W. R. D. Bandaranaike, for help. Aircraft from India, Canada, the United Kingdom and the United States flew over the stricken areas dropping food, medical supplies and clothing to the homeless. It will be some considerable time before communications are fully restored and rehabilitation work gets under way. There is still great need for food, including milk food, clothing and medical supplies. The destruction of the rice crop on which Ceylon relies so heavily has created a very serious food problem.

China

American Visitors

From Our Shanghai Correspondent

Five American visitors, the first ones to visit the People's Republic of China with the authorisation of the US State Department arrived on the border by way of Hong Kong on January 6. They were: Mr. A. L. Wirin, a Los Angeles lawyer, Mrs. Jessie Facteau, of Lynn, Massachusetts, Mrs. Mary Downey, of New Britain, Connecticut, her son Mr. William Downey, and Mrs. Ruth Redmond of Yonkers, New York.

Mr. Wirin has come to China to collect evidence for the defence in the forthcoming trial in the United States of John and Silvya Powell, publishers of The China Monthly Review in Shanghai before and during the Korean War, and Julian Schuman of New York, a member of the editorial staff.

The three ladies are the mothers of three Americans who are serving gaol sentences in China: Richard Facteau and John Downey 20 years and life imprisonment respectively, in Peking, and Hugh Redmond who serves life imprisonment in Shanghai.

As the American passports were issued for travel to "the part of China under Communist control" instead of to "the People's Republic of China" the passports were not accepted by the Chinese authorities on the Hong Kong-China border for visaing and the visitors were given entry permits on separate papers.

The mothers of the three American prisoners and a brother of one were looked after by the Chinese Red Cross during their three weeks' stay in China, during which time they had several meetings with the prisoners who appeared fit physically and reasonably comfortable. The visitors returned to Hong Kong on January 26 en route to the USA.

Letters to the Editor

BRITISH INDUSTRY IN INDIA

Sir.—In the article "British Industry in India" (Jan. issue) you said that "there is a big scope for many British manufacturers to extend their activities in the Indian market by coming to an agreement with Indian manufacturers . . ."

The threat of socialisation diminishes somewhat the attraction of this type of activity in India.

While India's government record of compensation in the cases of goldfields and insurance companies could be described as satisfactory, the pending decision on compensation of coal mines will affect the attitude of British manufacturers in deciding on further participation in Indian industrial enterprises.

An agreement on double taxation between the UK and India would be to the advantage of all parties concerned, and the conclusion of such an agreement would further the strengthening of economic relations between the two countries.

Yours, etc.,

Smethwick. AN INDUSTRIALIST

(Name submitted but withheld)

Recent Books

INDONESIA AND THE TINTED TIGER

Setuwo the Tiger *by* JOHAN FABRICIUS (*Heinemann*, 15*s*.)

THERE has just been published this English translation of a new novel by the distinguished Dutch author Mr. Johan Fabricius. Anyone tempted by the title to buy it out of an interest in tigers should be warned that the book is almost as much of a treatise in support of Dutch imperialism as the story of a tiger-hunt. Through the medium of his hero, Van Rhine, Dutch ex-Controleur heart-broken because he is no longer wanted in his official capacity in the new Republic of Indonesia, the author makes his own views abundantly clear. Support for Indonesian nationalism he regards as "naive idealism on the part of uninformed people outside Indonesia." Van Rhine wonders if it is "western prejudice" which makes him unable to believe in a "unified, integral state" existing independently in South-East Asia. He finds it tragic that Holland should be "ashamed of her colonial past," and that America "and even Britain applauded the defeat and humiliation of the West in Asia — in fact, did their best to help it on." This is on page 26 and it sets the whole tone of the book, throughout which the Indonesians are always referred to as "natives" and the nationalists amongst them always represented as ignorant, self-seeking louts of "agitators." On page 71, whilst waiting for the tiger to appear, the hero broods further on the "tragedy": "Indonesia had been administered for half a century according to modern western standards, and raised to a very high economic level. But how could it possibly fail to fall down to the Asiatic level again within a very short time? Corruption would flourish; the rule of law would cease; public safety, as known here before the Japanese invasion, when it had begun to be taken for granted, would become no more than a memory. In ten years time, thought Van Rhine, Indonesia would be unrecognizably impoverished, dirty, dilapidated."

On page 110, still waiting for the tiger, the hero broods again, this time about the people he calls "the Japs" — "arrogant manikins on children's bicycles, grinning under their ridiculous little caps," and "little yellow fiends in uniform," who hated "the whole race of white men," with "a hatred bordering on frenzy." It is therefore not surprising that when Van Rhine has an affair with an Indonesian woman — "a native woman" — he reflects on how his beloved dead wife "would have flatly refused to believe that, however lonely and desolate he might be, he would ever find his way into the arms of a native woman," and that although he professes to love this "native woman" he finds the idea of taking her back to Holland with him "inconceivable." He is resolved that, little as he wishes to remain in the Republic that has no use for his services, he will do so should this woman be pregnant by him. The woman has an absent husband, and "the shamefulness of the situation" which would arise if he returned "brought a bitter taste to Van Rhine's mouth, made his flesh creep with almost physical nausea" . . . which made at least one reader mutter sardonically, "Too bad, old chap, too bad" . . .

On page 211 "as if his eyes were opened for the first time, he saw with sudden clarity the indignity he had brought upon himself by his affaire with a married native woman." On page 226 we are back with Japanese atrocity in Burma. The book ends with Van Rhine's death in the jungle — whether it is suicide or accident is left open — and the new Indonesian controleur toying with the idea of carrying on with the irrigation project begun years ago by Van Rhine, who had hoped to be allowed to finish it when the war was over. He falls into a day dream of the honour that will accrue to him by completing the project; the people would see that "in activity and industry he was not inferior to any *blanda*." He thinks of the feast that would be held to celebrate the completion of the project and of the addresses delivered in his honour — "The idea made him quite excited, and he decided to go over to Kebon Tinggi to see how matters stood — very soon, as soon as possible. Tomorrow, or the day after — perhaps he would be able to fit in a visit as early as that. Or, if it couldn't be managed this week, next week for certain . . ."

These are the last words in the book. The present situation in Indonesia must afford the author a good deal

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of satisfaction. All this apart, the novel is basically false — in its assumption that a man-eating tiger ravaging villages for an area of twenty miles would be left to one man — a white ex-official at that — to dispatch. Having been born and bred in Java Mr. Fabricius must know better; but that, of course, would have spoilt the story — which, incidentally, whatever it may be like in the original Dutch reads curiously mawkishly — almost amateurishly — in translation.

ETHEL MANNIN

Southeast Asia among the World Powers *by* AMRY VANDENBOSCH and RICHARD A. BUTWELL (*Lexington: University of Kentucky Press,* $6.00)

While this book would probably be classified as a study of regional politics, its most useful contribution lies in the concise but lucid summaries which it contains of the post-war history of each of the component countries of South-East Asia. These form the core of the six chapters dealing respectively with Indonesia, the Philippines, Indo-China, Thailand, Malaya and Burma, and in each case are supplemented with short sections on the main social, economic and political issues with which the governments of these countries are having to grapple. Without exception the material is well presented, and provides precisely the sort of background knowledge that is needed for an intelligent understanding of events in South-East Asia at the present time.

Unfortunately the text is marred by a series of minor inaccuracies. Thus, for example, the Federated Malay States had a Resident General, not a president general; the soils of the humid tropics are leached, not leeched; and there is no such word as inimicable. Again, in view of the very great importance which boundary problems, and the partition line between the two Viet Nams, may well play in the international relations of the mainland states, it would surely have been wise to reproduce an accurate political map instead of the grotesquely distorted one on pp. 16-17.

These, however, are not major criticisms, and the book is undoubtedly to be welcomed as a well-balanced and generally readable account of the contemporary South-East Asian scene.

C.F.

The Struggle for Indochina Continues—Geneva to Bandung *by* ELLEN J. HAMMER (*Stanford University Press,* $1.00)

This admirable little study, which first appeared as an article in *The Pacific Spectator* of Summer, 1955, is in effect a post-script to the author's book *The Struggle for Indo-china,* published by Stanford in 1954. The social and political problems facing both North and South Viet Nam are ably analysed, though the situations in Laos and Cambodia receive much less detailed attention. The author concludes that, while the people of South Viet Nam cannot be dragooned into joining forces with the West against the Communists, they would nevertheless of their own volition choose to do so if, through the achievement of political unity in conditions of freedom, they were enabled to enjoy the liberties which they can never hope to win under a Communist régime.

C.F.

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Party Politics in India; the Development of a Multi-Party System *by* MYRON WEINER (*Princeton University Press. London: Oxford University Press,* 30*s.*)

The scope of this book is more restricted than its title suggests. Both the Congress and Communist parties are excluded from review: this is *Hamlet* without either the Prince or the King of Denmark. Then, the author is concerned only with "behaviour patterns" within the non-Communist opposition; there is no attempt to chart the relationship between the electorate and the parties or to describe the machinery of political organisation, channels of communication, etc. But even if the intending reader is disappointed at discovering these limitations, he must be thankful for any new work which illumines the shadowy pattern of opposition politics and parties in India.

What is the role of the opposition in India today? Mr. Weiner suggests that most of its components are not assembled in order to assume the onus of power; some do not accept the same basic assumptions as the Congress, and therefore are not prepared to operate the parliamentary system as it is today. Why, then, do these parties exist? Why are new parties appearing, often as a consequence of divisions in existing parties? Mr. Weiner believes that some of these groups are not parties in the conventional sense, but are "closed corporations" with the exclusive characteristics of traditional Indian organisations such as the caste, the joint family or the joint village.

The author, as a good western democrat, automatically assumes that a party system is an essential prerequisite for a democracy, yet his final summing-up rests upon a declaration that future stability in India depends very largely upon the continuation of Congress "one party" government.

The truth is that this study, valuable though it is in assembling a large corpus of detailed material on the dogma and personalia of the opposition, does not penetrate to the core of Indian political thinking. Asian political ideas are still fluid, and it is by no means certain that an opposition, as such, will have anything like the same role as in western democracies: it is equally possible that the "grand debate" will take place *within* a national coalition party in the new Asian democracies, and that opposition will focus upon individuals and upon specific issues. Whether in traditional corporate discussion, as in the village *panchayat*, or in the recent Freedom Movements, decision-making has always evolved by arriving at a general compromise rather than by counting heads, recording Ayes and Noes. This process of arriving at the "general will" may well provide the pattern for Asian politics and parties in the future.

HUGH TINKER

Indonesia's Economic Stabilisation and Development *by* BENJAMIN HIGGINS (*Institute of Pacific Relations, New York,* $4.)

This work resolves itself into an exposition of the instability and lack of development of everything Indonesian. Its 83 million people, occupying a land area equal in size to the United States east of the Mississippi, are under the mistaken impression that their country is rich in economic resources. It certainly has a variety of riches, the chief being rubber and petroleum, but none is impressive either in quantity or quality. Local food crops should be sufficient for the country's needs, but production has not kept pace with the increase in population.

Indonesia is desperately short of capital. With its chronic

political instability, which is well described by Professor Higgins, one obvious source of funds — foreign loans — has not been available since the Dutch left. The other method of raising capital — accumulation within the country — is almost impossible for the same reason. So at best, the Indonesian picture is not very encouraging. And recent events, whereby entrepreneurial and technical skills have been or are being thrown out, cast deep shadows before them.

Dr. Sukarno has done his best to correct these deficiencies, but politics and the hard facts of economic life have beaten him. The geography of the country, though of strategic value, militates against central government. The economic ineptitude of its leaders is shown in the many pathetic attempts to bolster up purchasing power by juggling with the currency — as though productive capacity, on which everything rests, can thereby be increased!

All these difficulties are examined by Higgins with much understanding. It is a cautionary tale to all "new" countries who would run before they can walk: it is well worth reading.

L.D.

Secret Servants: The Story of Japanese Espionage *by* RONALD SETH (*Victor Gollancz*, 16*s*.)

This fascinating history opens with Japanese espionage activity at Pearl Harbour, goes back to the start of the story in the early days of Meiji, and then brings us down again to the beginning of the Pacific War. Doctors, language students, naval officers dressed as fishermen, storekeepers and the occasional beautiful Olga fill the pages. In a society only recently opened to the West after the seclusion of the Tokugawa years, when it seems that everyone spied upon the next man, it was only natural, it is argued here, that Japan should elect for all-out espionage methods. The thing that mattered was the quantity of agents in the field, not their quality. As this was the policy employed until the end of the Pacific War, Tokyo was faced with the unenviable task of sifting a veritable mountain of material, the value of the greater part of which was often questionable. A small number of specialist and highly trained agents — not that many of Japan's secret servants were not so drilled — might, in the end, have done the job more satisfactorily. On the other hand, Tokyo can have little reason to grumble at the immediate pre-war successes: Pearl Harbour, and the signalling of the progress of the bombing to a Japanese official nearby as the bombing was actually being carried out, should be sufficient evidence of a remarkably efficient system.

Mr. Seth has delved deeply into a number of sources for this interesting story. And for any reader moved to enquire into the nationalist groups back in Japan who were often the leading lights behind the scenes of Mr. Seth's account, there is to hand Richard Storry's excellent and fully documented *The Double Patriots*.

G.B.

A Japanese Family *by* JOHN SYKES (*Allan Wingate*, 15*s*.)

The title of this book is indeed enticing; how long have we felt the need of a guide right into the kitchen or the kotatsu of the Japanese household. But, because of this very attraction of the title, the disappointment is even more intense when we discover that the title, in many ways, is largely a cloak for another series of traveller's impressions of Tokyo, Kyoto, kabuki, no, geisha and many of the other stock situations and contexts of the short-term visitor.

Professor Awada, the head of the family, emerges with a degree of clarity; perhaps his conditioning by living in the west and his ability to speak English made him the easier to put across. Certainly he is the only member of the households under scrutiny to have any life about him. With the rest — the younger generation especially — Mr. Sykes seems to have been unable to create the necessary link of sympathy. In the end, we find Mr. Sykes rummaging around in and revealing his own mind rather than that of his subjects.

There is the stock of mistakes and misprints which I now associate with and expect, as a matter of course, from books on the Far East. Not even Mrs. Sykes' "fluent Japanese" (vide dust jacket) has prevented "sensai" for "sensei" (at least five times), "kutatsu" for "kotatsu" and the rest.

G.B.

Buddha and Buddhism *by* MAURICE PERCHERON, translated by EDMUND STAPLETON (*Longmans, Green*, 6*s*.)

This profusely illustrated handbook of Buddhism is meant for those persons who wish to know how the life and teaching of Buddha passing through an evolutionary period comprising twenty-five centuries has become the religious faith of one-third of humanity. It is not meant for Buddhist scholars, nor does it attempt to offer any polemical interpretations. In fact it is a short historical record of the development of Buddhism against the background of pre-Buddhist India and of the philosophy it preaches, particularly the conception of universal compassion. The present-day Buddhist trends are depicted by giving a resumé of the Sixth Buddhist Council held in Rangoon in 1954.

Originally published in French under the title *Le Buddha et Le Bouddhisme* the book has narrated in a simple manner the essence of Buddhist philosophy, culture and art for the understanding of common Europeans who are interested in knowing something of the sublime words of the great hearts of Asia. For this reason the author has avoided introducing the tendentious interpretations of western scholars, even though he has collected all his facts from the works of recognised western Buddhist savants.

After dwelling briefly on pre-Buddhist India, M. Percheron plunges into a description of the legendary life of Buddha and goes on to explain the religious characteristics of Buddhism by quoting relevant passages from the sacred Buddhist books. Then he pin-points the spread of Buddhism to the countries of South-East Asia and the Far East. Especially does he give a short but interesting account of lama-centric Buddhism of Tibet. Finally he sums up Buddhist art by saying that Buddhism offered mankind one of the most decisive chances to express its sensibility and spiritual aspirations in art.

L.A.

In Days of Great Peace *by* MOUNI SADHU (*Allen and Unwin*, 18*s*.)

A western disciple of an Indian sage — Ramana Maharshi — describes in this autobiographical diary his inexpressible inner experiences as faithfully, accurately and humanly as possible for the understanding of average Europeans. Mouni Sadhu says that his spiritual teacher Ramana Maharshi passed away on April 14, 1950. He was a thin, white-haired very gracious old man. His countenance breathed a natural state of inner concentration without the slightest effort of will. He had reached that stage when will-power no longer needs to be used for overcoming any hindrance, or for achieving any purpose.

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Thus he describes his master sitting at whose feet he realised by himself the spiritual path he should follow. After giving a vivid description of the peaceful and spiritual atmosphere of the abode of the Maharshi called "Ramanashram," the author relates how his own mind became more and more quiet, more fit to judge right and how previous doubts began to vanish quickly. The author himself says that the purpose of writing this book is to record the real experience of an average man, who wanted to know for himself what the presence of a great sage means and what its influence is. Hence he says that all theories, all acquired knowledge falls into dust when one stands face to face with a perfect man, a saint like Ramana Maharshi.

The Indian holy man died six months after the author's departure from India. He mentions that several of the master's disciples residing thousands of miles away from the Ashram knew of his death on the very same day. Comparing the hour with the time when this news was mystically communicated to them, one would say that it was "broadcast" several hours before the Maharshi's body breathed its last.

J.A.U.

The Manifold and the One *by* AGNES ARBER (*John Murray*, 18*s*.)

Essentially through the media of eastern and western philosophies Mrs. Arber in this unpretentious thoughtful writing offers numerous reflections for the intuitive understanding of the mystery of Unity and the Manifold. That is why she approaches this goal by ignoring the barrier of formal logic, for the idea of oneness in diversity cannot be comprehended unless it is viewed from several standpoints, diverging perhaps only slightly from one another but sufficiently to reveal varying aspects. In other words, the goal of the Manifold and the One can be comprehended more fully only in an explanatory synthesis.

By blending eastern thought with that of the West she aptly says that the idea of a Unity resembling if not exactly paralleling the Absolute of western metaphysics is a salient feature of Chinese thought and it seems to be even more characteristic of Indian philosophy. The broad tendency among eastern thinkers seems to be to stress the One, whereas in the West the bias is more towards the Manifold. Heraclitus was perhaps the first in the European tradition to recognise Unity in the Manifold and more than 2,000 years after him Descartes — following Dionysius, Ibn al-Farid, Aquinas and Nicholas of Cusa — carried over into modern thought the idea of a unity inclusive of the full complexity of "manyness," a unity which is not a one in many, but a oneness of the many. Then a consciousness of the close relationship of the One and the Manifold finds expression in more recent German philosophy, as for instance, Hegel's interpretation of the Absolute as the ultimate form of Unity. The thought-provoking book is full of synthesised explanation of this nature.

R.N.A.

A Book of Contemplation *by* DAGOBERT D. RUNES (*Philosophical Library, New York*, $3.)

Dr. Runes in this book has used the ingenious technique of epigrammatic writing to rediscover the inherent good in humanity and human thinking and the gems of truth that are hidden behind the dogma ridden facades of the great religions and systems of thought. His epigrams therefore should be viewed as a dogged search for what is true in nature and what is good in man. While attacking prejudices and pre-conceived notions, he urges the mankind to perceive the essence of righteousness revealed in traditional concepts. He says that the Bible is the spirit of man between heaven and earth.

Dr. Runes makes no attempt to justify his thought as perfectly correct. He merely puts down his own ideas in punchy sentences to make others judge their merits. For instance, he writes: "The white man took willingly the black man as burden, but hesitates to take him as friend." In another place he says: "I would rather take capitalism without a soul than Communism without a heart." His conclusion is that the truly wise are always simple. It is the little mind that spins complications.

H.A.D.

The Life and Times of Humayun *by* ISHWARI PRASAD (*Longmans, Green*, 42*s*.)

Undoubtedly a great man of science and culture, Humayun, second Mughal Emperor of India, had succeeded in laying the enduring foundations of the long imperial rule, in spite of his lack of statesmanship and military leadership. This irrefutable fact is fully substantiated in this scholastic and well-annotated works of outstanding merit.

This is a reprinted edition with minor revision. Dr. Prasad, an eminent scholar of Indian history, has included in the volume a few facts recently brought to light to make it as up to date as possible. Not only has he consulted every original work of importance dealing with Humayun's life and reign but he has thoroughly scrutinised all available manuscripts and documents having a bearing on the Emperor. Though one may not agree with some of the views expressed by him, one cannot certainly brush aside the mass of facts included in the book.

Starting from Kabul Humayun's father, Babur, through a lucky military conquest installed Mughal rule in Hindustan. But when Humayun ascended the throne on his father's death early in the sixteenth century he became involved in a series of disastrous wars and was compelled to flee to Sind and then to Persia. It was on leaving his Persian exile that he began the reconquest of India. After capturing Kabul he re-entered Delhi and rehabilitated the Mughal rule which became fully secure during the reign of his son, Akbar, who was the greatest Mughal Emperor. As a human being, Humayun was indolent, kind and tender. As an Emperor he was more a literary man and lover of painting than an autocratic feudal monarch. He liked writing poetry more than wielding the sword.

G.F.D.

Economics and Trade

The Activities of the Japan Productivity Centre

By Y. Sakurai (Tokyo)

WITH a view to rationalising industrial organisation and control of the undertakings in Japan, the Ministry of International Trade and Industry of Japan has been rendered governmental assistance and guidance by the Industrial Rationalisation Council, its advisory organ since about 1950. Ever since the war the raising of productivity has been a major goal of policy in many parts of the world. National productivity centres have been set up in many countries. Western European countries have sent many productivity teams to the United States and, with assistance from the United States, have set up the European Productivity Agency of the OEEC. Technical assistance in the raising of productivity has been provided in many underdeveloped countries by the United States, the United Nations and the ILO, which has also considered productivity questions at a number of its annual conferences, industrial committee meetings and meetings of experts. However, it is not clear how far Japanese efforts to raise productivity have been directly stimulated by these post-war overseas developments.

According to the *Guide to Productivity*[1], "to counter the aggravated balance of international payments due to shrinkage of exports in 1953, the Japanese Government was compelled to take a deflationary measure. At this juncture the need to raise productivity was keenly felt and from the end of 1953, employers' organisations in Japan such as the *Keidanren* (Federation of Economic Organisations), *Nikkeiren* (Japan Federation of Employers' Associations), *Nissho* (Japan Chamber of Commerce and Industry) and the *Keizai Doyukai* (Japan Management Association) discussed the project of establishing such an organ to systematically improve productivity as existing in the Western European countries."

Thus in Japan a private organisation named Japan-America Joint Committee for Higher Productivity was established in March 1954, several years after the establishment of similar organs in western European countries. In June of the same year, this committee was reorganised into the Japan Productivity Council. Hereupon, a preliminary organisation for the Japanese productivity improvement drive came into being.

At that time the two important problems facing this Council were: (1) how the technical exchange with the US as in the western European countries can be carried out; and (2) how the coordination with the Government can be worked out in organisational aspect, in view of the importance of employment problems and peculiar industrial structure of Japan which requires the Government's assistance in productivity boost movement—that is, as a general principle, to be pushed at private initiative. The Japanese Government at its Cabinet meeting on September 24, 1954 made an important decision concerning these two problems. It decided, in the first place, on the dissolution of the Japan Productivity Council and establishment of the Japan Productivity Centre of tripartite structure to which the Government would render as much assistance as possible. In the second place, it decided on the establishment of the Japan Productivity Council between the Government and the Productivity Centre as an organ to deliberate and decide the highest policies for productivity improvement drive. In the third place, it decided to seek the assistance of the US Government, concluding an agreement concerning the despatch of teams for inspecting higher productivity overseas, invitation of productivity experts from foreign countries, and access to technical information and materials dealing with productivity. As the assistance by the Japanese Government and the cooperation of the US Government were assured upon this cabinet decision, the Japan Productivity Centre was formally established as a juridical person on March 1, 1955. In the Centre, representatives of employers and public interests participated, but labour representatives did not participate.

OBJECTIVES, PRINCIPLES AND STRUCTURE

The objectives and guiding principles of the Japanese Productivity Drive are clarified in the so-called "Three Principles" (matters agreed upon concerning the productivity improvement drive) adopted by the first meeting of the Japan Productivity Liaison Council.

Mr. Y. Sakurai is the Director of the ILO Tokyo Branch office, but contributes this article in a personal capacity.

[1] *Guide to Productivity* (revised edition) published by the Japan Productivity Centre in March, 1957.

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"In order to achieve the self-sustained economy of our country and to raise the living standards of the people, it is most urgent to increase productivity in industry. For this purpose, efforts towards the higher productivity should be developed as a national movement with keen appreciation and ardent support from the people. Thus the guiding principles upon which the movement should be based are as follows:

(1) The increased productivity is to bring about increased employment in the long run, but as to redundancy in the transitional period, appropriate measures shall be taken under cooperation between the Government and industry so as to prevent unemployment by way of transfer or replacement of workers from viewpoint of the national economy.

(2) Concrete methods for higher productivity which will fit particular undertakings shall be studied and negotiated between the employers and workers.

(3) The fruits of increased productivity shall be fairly distributed among employers, workers and consumers in accordance with the prevailing situations of the national economy."

The Japan Productivity Centre which constitutes a nucleus of the higher productivity drive in Japan is an incorporated private organisation. Basic policies for productivity increase drive are decided, as indicated by the aforesaid cabinet decision, by the Japan Productivity Liaison Council consisting of the representatives of the Japan Productivity Centre and the competent Government agencies. The fields which the Japan Productivity Centre deals with are mining, industry and service sectors excluding agriculture and marine products. The decision of these fields to be handled by the Centre seemed to have resulted from the jurisdictional sphere of the Ministry of International Trade and Industry which supervises the Centre. In the fields of agriculture and marine products, a separate organ for higher productivity is established.

As to the organisational structure of the higher productivity efforts below national level, there are regional productivity centres established as independent organs in major regions, and a few prefectural organs for higher productivity at prefectural level. These centres or organs which are all private organisations are financed by incomes from their activities such as publications, contributions by their members, governmental subsidies, and governmental loans. The latter constitutes the greatest weight in their finance.

PRODUCTIVITY AND TRADE UNION MOVEMENT

The productivity increase drive which it had been intended to develop as a national movement failed to get the support of trade unions by the time of the establishment of the Productivity Centre which was, after all, set up without the participation of labour representatives. Employers' organisations all support this drive and play a predominant role in it. Trade unions are more or less sceptical about this movement. The biggest labour organisation, *Sohyo* (General Council of Trade Unions of Japan) with the largest membership[2], strongly opposed the drive from the outset and flatly refused to participate in the drive. The *Sohyo's* refusal seems to be grounded on its contention that labour's participation in productivity increase drive under capitalistic system does not benefit labour at all. The Seventh Annual Convention of the *Sohyo* in 1956 regarded the productivity increase drive as "a movement devised by monopolistic capital" and expressed its strong opposition in its Declaration adopted by the Convention, which reads: "All of our struggles shall be based on the strong opposition to the productivity improvement campaign." However, among the affiliates of the *Sohyo* there are not a few unions which cooperate with the activities of the Productivity Centre, especially in sending labour representatives on the despatched teams for the study of higher productivity overseas.

The second biggest labour organisation, *Zenro*[3] (Japanese Trades Union Congress) expressed the willingness to cooperate with the Productivity Centre, having fully realised the importance of productivity improvement, by adopting the resolution concerning "the Five Principles Pertaining to Productivity Improvement Drive"[4] at its 2nd convention in 1955. However, the participation of the *Zenro* as a whole in the Productivity Centre did not materialise because of the opposition of the *Zensen* (National Federation of Textile WU) which is one of the biggest affiliates of the *Zenro*. The *Zensen* is very suspicious and sceptical about labour's participation in the productivity increase drive, pointing out that it is doubtful whether labour's cooperation for the drive would bring about happiness and benefits for labour in view of the considerable amount of lay-off and quota production which it has been compelled to face with for the last few years, owing to the diminished demands for, and shrinkage of, export of cotton textiles. The *Sodomei* (Japan Federation of Trade Unions) affiliated with the *Zenro* formally participated in the Productivity Centre in September 1955, as soon as the Centre agreed with

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[2] The membership and affiliates of the *Sohyo*: 45 affiliates and 3,309,896 members (August 1957).

[3] The membership and affiliates of the *Zenro*: 10 affiliates and 713,807 members (July 1957).
Note: These figures are given by the Ministry of Labour.

[4] The *Zenro's* Five Principles Pertaining to Productivity Improvement Drive.

1. It should be thoroughly made known to all that the productivity increase drive is neither a drive merely aimed at raising efficiency nor a drive to rationalise individual enterprise for augmenting private profit. It should be a comprehensive movement aimed at developing the Japanese industry and attaining self-sustaining economy of Japan.
2. Higher wages, increase in real wages, higher working and living conditions, and expansion of employment opportunities should be brought about by improvement of productivity. It should not result in intensification of labour nor unemployment of workers.
3. The government and management should take adequate and comprehensive countermeasures against possible unemployment of workers or other transitional phenomena arising from improvement of productivity so as to maintain high and stable levels of employment. Efforts should be exerted also at the level of undertakings to stabilise employment by such means as reduction of working hours and not to let productivity improvement debase working conditions.
4. Instability in the operation of medium and small scale enterprises results from their lowness of productivity. Efforts should be exerted to work out and implement measures to strengthen their basis.
5. Efforts to improve productivity cannot succeed without the support and cooperation of workers. In order to carry on the productivity increase drive smoothly and effectively, joint consultation and mutual understanding between labour and management should be secured at the levels of undertaking and industry. Workers' opinions concerning national industrial policy and managerial matters should be respected.

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"The Basic Principles regarding the Productivity Improvement"[1] which was adopted by the Central Committee of the *Sodomei* in June, 1955. Another affiliate of the *Zenro, Zennikkai* (All-Japan Seamen's Union) participated in the Productivity Centre in November, 1955, on the basis of the aforementioned "five Principles."

As for the national labour organisations besides these, the *Shinsambetsu* (National Federation of Industrial Organisations) does not participate in the Centre, the *Sambetsu* (Congress of Industrial Unions of Japan) which is affiliated with the WFTU is ideologically opposed to the productivity improvement drive.

ACTIVITIES OF THE CENTRE

The activities which the Centre carries out include:

1. Technical exchange with foreign countries.
2. Research and study work.
3. Information service (including library) and public relations work.
4. Despatch of inspection teams within Japan and overseas.
5. Seminars or courses on productivity.
6. Consultant service.
7. Pilot project, etc.

Of these, the activities which have been most actively conducted are technical exchange with foreign countries and public relations work. The technical exchange with foreign countries consists of overseas despatch of inspection teams and invitation of experts from foreign countries. The former was most actively carried out among all the activities of the Centre. During the two years since its establishment, 53 teams numbering 514 members in total were despatched, mostly to the US. To see the actual conditions of industries in the United States which show highest productivity made them realise the lowness of productivity in Japanese industry and helped to engrain productivity-consciousness in the minds of the members of the despatched teams, many of whom published reports or made speeches based on their observations in the US, thus communicating and spreading the fruits of the study visits of productivity teams to many people concerned. So far the members of the despatched teams were chosen from big modernised undertakings, but from now on it is necessary and important to send special teams consisting of members representing medium and small scale undertakings which constitute a greater part of the Japanese industry.

As for the invitation of foreign experts, lecturers of the seminars in such fields as marketing, top-management training, industrial engineering, material handling and labour consultation, etc., were invited mostly from the US. Although the consultant business such as enterprise diagnosis has been introduced into Japan in the post-war days with the Government's encouragement, Japan has very few capable consultants well-versed in theories as well as much-experienced in practical application of the theories. So the activity of the Japan Productivity Centre along this line will greatly contribute to fostering such consultants in Japan.

Specially noted in the introduction of overseas technique into Japan is the invitation of a study team based on the agreement with *SOFREMINES* (The French Society for Coal Mining Experiments) for the purpose of analysis and study of the Japanese coal mining. Much is expected from the study by these French mining experts invited by the Japan Productivity Centre, because the coal beds of the Japanese coal mines resemble those of France geologically, especially in their thinness, which makes a marked difference from those in the US. Another remarkable event in this field of technical exchange is the conclusion of an agreement on the exchange of professors between Waseda University in Japan and Michigan University in the US. To this agreement some opposition was raised from within the University of Waseda, but it is generally considered to be a very good agreement from an academic point of view.

It is still too early to estimate the effect of these technical exchanges on Japanese industry, for enough time has not elapsed yet to enable impartial evaluation. However, it is certain that this technical exchange is really useful and enlightening for Japan which has so far neglected the phase of pragmatism, placing too much stress on ideas.

(To be continued)

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[1] "The Basic Principles regarding the Productivity Improvement" of the *Sodomei*.

1. The productivity increase drive should be aimed at the people's higher living standards and self-sustaining economy of Japan.
2. It should not serve for augmenting enterprisers' profits through intensification of labour, but should strive for betterment of working conditions and increase in real wages.
3. It should serve to expand employment opportunities through development and expansion of economy.
4. It should not serve for the centralisation of capital but should strive for the stablisation of medium and small scale enterprises and betterment of living conditions of their workers.
5. The fruits of higher productivity should be used for reduction of price, betterment of working conditions and reinforcement of facilities.
6. Establishment of industrial democracy and maintenance of good industrial relations are prerequisites for the success of the productivity increase drive.
7. Concrete measures for higher productivity should be decided and provided in collective agreements to ensure their smooth implementation.
8. The Japan Productivity Centre should respect the opinions of relevant unions in pushing the drive.

At the time of the *Sodomei's* participation in the Japan Productivity Centre, the Japan Productivity Centre and the *Sodomei* issued a joint statement confirming the above principles as well as the following agreements between the two as the fundamental principles for pushing the productivity increase drive.

The Agreements called for:

1. The Government's and employers' joint efforts to work out measures for the prevention of unemployment and adequate disposal of redundancy.
2. Labour-management consultation for higher productivity in accordance with actual conditions of undertakings.
3. Fair distribution of benefits of higher productivity among employers, workers and consumers at large.

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SCANDINAVIA'S TRADE WITH ASIA AND THE FAR EAST

SWEDEN

The following table shows the development of Sweden's trade with the main trading partners in South-East Asia and the Far East.

The table shows a big increase of Sweden's exports to China which has become the largest market of that area. Sweden's imports from Japan have increased considerably and during the first 10 months of 1957 surpassed the value of those for the whole of 1956.

The figures given for "British Colonies" include Hong Kong and Singapore. The Federation of Malaya is also included under this head, since it became independent only in August last year.

(all figures in millions of Sw. crowns)

	IMPORTS		EXPORTS	
	1956 (whole yr)	1957 (1st 10 mnths)	1956 (whole yr)	1957 (1st 10 mnths)
Pakistan	11.2	12.1	21.6	11.5
India	23.0	22.1	131.8	96.3
Ceylon	16.0	11.8	6.7	6.7
Indonesia	29.6	21.7	37.7	35.0
The Philippines	68.4	50.5	15.0	9.5
China	13.2	14.0	31.4	137.0
Japan	79.5	112.9	36.1	48.1
British Colonies	366.3	278.1	96.3	80.4

DENMARK

The following table shows the development of Denmark's trade with Asian and Pacific countries. Denmark's imports from Japan show a considerable increase due to Japanese deliveries of ships for registration in Denmark to the value of over 90 million D.Kr.

	Imports		Exports	
	1956	1957	1956	1957
	(First eleven months of the year)			
Afghanistan	315	—	142	94
Burma	681	1,818	8,435	15,592
India	15,588	18,460	31,798	30,699
Pakistan	5,336	4,311	4,197	3,379
Ceylon	4,597	5,117	2,357	3,098
Thailand	12,229	17,971	18,839	18,599
South Vietnam	17	—	3,153	3,110
North Vietnam	—	—	—	57
Indonesia	13,261	11,983	11,498	19,306
Philippines	46,465	25,478	2,845	3,864
Malaya	4,885	5,324	34,635	32,469
China	9,044	3,039	20,915	4,818
Formosa	313	100	1,071	1,540
Japan	37,844	125,939	15,521	16,302
Korea	—	—	20,496	7,093
Hong Kong	6,268	8,823	7,291	17,598
Australia	3,162	1,035	10,219	16,969
New Zealand	2,882	2,583	4,486	8,569

(All figures in 1,000 Danish Kr.)

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NORWAY

During the first 10 months of 1957 Norway's imports of ships from Japan reached the value of 114 million Norwegian Kr., as a result of which Japan became the largest trading partner of Norway among Asian and Pacific countries. Norway has an important two-way trade in ships with that area, and during the first 10 months ships to the value of 10 million N.Kr. have been imported from Hong Kong. On the other hand, the Norwegian ship-building industry supplied ships to the value of 7.7 million N.Kr. to Japan, 3.1 million to Ceylon, 3.1 million to Hong Kong, and 2.9 million to Pakistan.

The following table shows the development of Norway's overall trade with Asian and Pacific countries:—

	Imports		Exports	
	1956	1957	1956	1957
	(First ten months of the year)			
Afghanistan	—	219	5	5
China	16,471	8,444	8,521	13,003
Philippines	31,460	36,451	1,276	2,485
Indonesia	7,588	14,930	10,743	18,299
Japan	12,043	128,704	2,932	29,848
Korea	—	—	1,770	68
Thailand	5,377	3,326	4,166	3,906
Indo-China	49	71	1,257	4,496
Formosa	—	25	129	640
Burma	1,182	3,673	3,591	6,174
Ceylon	1,425	2,432	3,528	6,779
India	15,565	13,089	54,547	59,158
Pakistan	2,713	3,249	7,367	13,817
Hong Kong	5,900	16,174	7,742	13,695
Malaya and Singapore	18,846	15,092	28,694	10,732
Australia	10,451	16,551	63,430	59,892

(All figures in 1,000 Norwegian Kr.)

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India's Agreement with Burmah Oil

MR. R. P. SMITH, Managing Director of The Burmah Oil Company Ltd., told your correspondent in an exclusive interview that oil reserves discovered in the Nahorkatiya, Hugrijan, and Moran areas of Upper Assam had an estimated production of 2.5 million tons annually over a period of at least 20 years. The oil was found in 1953 by the Assam Oil Company Limited, a wholly owned subsidiary of The Burmah Oil Company, which has been carrying out exploration work in the region as a result of a concession agreement with the Government of India. The concession area is excluded from the 1956 regulations which lay down that exploitation of natural resources is reserved for public sector activities.

Following the discovery of oil in that region, and as a result of negotiations, an agreement between the Government of India and the Burmah Oil Company Limited was signed on 14th January. The agreement covers the exploitation of the oil reserves and the transportation of crude oil to Barauni in Bihar.

The agreement provides for the formation of a rupee company — Oil India Private Limited — with an authorised capital of Rs. 500 million. Two-thirds of the capital will be provided by the Burmah Oil Company and one-third by the Government of India. The new company will take over the assets of the Assam Oil Company in the newly-discovered oil areas of the Brahmaputra Valley, where 36 deep wells, most of them good producers of oil, have already been completed.

The rupee company will undertake the production of oil and will also arrange for the two-stage construction and operation of a pipeline or such other related facilities as may be considered necessary for the transport of crude oil to Barauni. The oil produced by the company will be sold to two refineries sponsored by the Government of India and to be established in the public sector.

The Burmah Oil Company offered to advance a sterling loan up to £10 million to the rupee company to meet the foreign exchange content of the cost of the first stage of construction of the pipeline and other related facilities.

It is proposed that a refinery be located at an intermediate stage between the oilfields and Barauni, in addition to having a refinery at Barauni itself.

Mr. K. K. Sahni (centre), Joint Secretary, Ministry of Steel, Mines and Fuel, Government of India, and Mr. R. P. Smith (left), Managing Director of The Burmah Oil Company Ltd., signing the agreement. Next to Mr. Sahni are Sir Raghavan Pillai, Secretary General, Ministry of External Affairs, and Mr. Khera, Secretary to the Ministry of Steel, Mines and Fuel

Initially, according to a present proposition, the board of the new Company should consist of six members, and in accordance with the financial structure four members will be appointed by the Burmah Oil Company and two by the Government. The General Manager of the Assam Oil Company, who is the senior representative of the Burmah Oil Company in India, will act as chairman.

The signing of this agreement puts the Burmah Oil Company in the unique position of a working-partner with the Governments of Burma, Pakistan and now of India. The Oil India Company is an important addition to Britain's private enterprise cooperation with the Government of India, (the Burmah Oil Company Limited with its subsidiaries and associated companies is the biggest single foreign investor in India).

The agreement clearly demonstrates the confidence of UK business circles in India and highlights possibilities for strengthening the economic relations between UK and India.

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The Director General of India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3., invites tenders for the supply of:—

	Quantity Nos.
LOCOMOTIVE BOILER METER GAUGE ...	1

Forms of tender may be obtained from the above address on or after 24th January, 1958, at a fee of 10/- which is not returnable. If payment is made by cheque, it should please be made payable to "High Commissioner for India." Tenders are to be delivered by 2 p.m. on Thursday, 13th March, 1958.

Please quote Reference No. 354/55/DB/RLY.2.

The India Supply Mission for India invites tenders for the supply of:—

	Quantity Long tons
STEEL RAILS, 90 lbs. 60 lbs. 50 lbs. Flat Bottom. Revised British Standard Section in accordance with that in BSS 11-55.	77,500

Forms of tender may be obtained from the Director General, India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3. Tenders are to be posted direct to India Supply Mission, 2536 Massachusetts Avenue, N.W. Washington 8, D.C., to reach there by 9.15 a.m. on 27th March, 1958.

Please quote reference No. S. 5107/57 CB/RLY.

The Director General of India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3 invites tenders for the supply of:—

	Quantity lbs.
STUD, PROTECTORS, BOOT RUST PROOFED. To I.S.D. Drg. No.T.21306 and to be rust proofed to specification.	97,000

Forms of tender may be obtained from the above address on or after the 21st February, 1958, at a fee of 10s. which is not returnable. If payment is made by cheque, it should please be made payable to "High Commissioner for India." Tenders are to be delivered by 2 p.m. on Thursday, 20th March, 1958.

Please quote:—
Reference No. 276/56/RLY.

INDUSTRIAL AND COMMERCIAL NOTES

US, NEPAL AND INDIA ROAD PROGRAMME

The United States' share in a three-nation road-building programme designed to stimulate the flow of trade to, from and within Nepal, mountain kingdom on the northern border of India, will total $5 million over the next three years, the International Cooperation Administration has announced. The agreement is between the US, Nepal and India and became effective on January 6 when Ellsworth Bunker American Ambassador to India and Nepal, signed the agreement in New Delhi. Nepalese and Indian representatives had signed earlier in Katmandu, Nepal's capital.

India's share over the three-year period covered by the agreement will be the equivalent of $1.875 million while Nepal will provide the equivalent of $525,000. The US funds, a grant from the President's Fund for Asian Economic Development, will be used mainly for the purchase of road-building equipment and vehicles, steel for construction and fuel for operating the equipment. Some technical assistance also will be supplied.

WORLD BANK LOAN TO JAPAN

The World Bank has approved a loan equivalent to $8 million to assist the Kawasaki Steel Corporation of Japan to increase pig iron production. Kawasaki is expanding blast furnace facilities at its Chiba plant near Tokyo to increase its capacity to produce pig iron from 334,000 to 684,000 tons a year. The works to be undertaken will improve the efficiency of steel production while considerably reducing the cost.

The loan will be made to the Japan Development Bank, a government agency which supplies long-term credit for industrial development in Japan, and the one through which several private companies have borrowed from the World Bank on previous occasions. The Development Bank will re-lend the proceeds of the loan to the privately-owned Kawasaki Corporation.

The Kawasaki project is part of an expansion being undertaken by the entire Japanese steel industry to increase blast furnace capacity in order to reduce dependence on imported scrap. Increased domestic supplies of pig iron should reduce fluctuation in the cost of steel production and lessen the difficulties which have occurred from time to time in obtaining the necessary raw materials. Apart from reducing Kawasaki's dependence on imported scrap, the increase in production of molten iron will raise the effective capacity of the company's steel furnaces, thus making possible the production of more finished goods without any further investment in steel-making equipment.

The World Bank has now made nine loans to Japan, equivalent to about $90 million; $36 million has been for the steel industry, $5 million for other industrial projects, $38 million for electric power development, and $11 million for agriculture.

INDIA BUYS PORT EQUIPMENT

In connection with the execution of the programme of modernisation of Indian ports, the India Store Department in London has placed several orders for mobile cranes to the value of nearly £250,000. This order includes 19 "Coles" 10 ton cranes, and 2 "Coles" 25 ton cranes manufactured by Steels Engineering Products Ltd., who have already supplied their cranes to Bombay, Calcutta and other ports, as well as for civil engineering work, including the steel works at present being built at Durgapur.

Another order was placed for several Irion Side-Operating Fork-Lift Carriers of 3 tons and 5 tons capacity for use in the port of Calcutta. The Irion is built by Materials Handling Equipment (Great Britain) Limited.

BOAC EASTERN ROUTES

A model of the Vickers VC.10 pure jet airliner, 35 of which have been ordered by BOAC primarily for use on the Eastern and African routes. An option has also been taken on a further 20 of these aircraft.

The VC.10's "double bubble" fuselage is to accommodate from 108 to 152 passengers on the upper deck, depending on the type of service being flown, and it will provide spacious freight capacity on the lower deck. Delivery to BOAC is to start in 1963.

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UK WOOL TOPS EXPORTS TO ASIA AND THE FAR EAST

Over 13 percent of the UK global exports of wool tops went to India in 1957, and this market continued to be the largest single customer of this UK industry.

The following table shows the development of UK wool tops exports to the main markets of S.E. Asia and the Far East.

	1956 whole year £	1957 whole year £
India	5,112,050	5,830,786
Pakistan	1,139,636	1,473,667
Hong Kong	623,432	534,242
China	5,021,312	3,978,666
Formosa	347,379	6,770
Japan	2,095,234	2,762,210

Japan increased in 1957 imports of wool waste from Britain and the 1957 UK exports of wool waste to Japan reached the value of £2,142,348 as against £1,553,090 in 1956. Japan was the largest single market for these UK exports. Japan also imported from UK raw wool to the value of £497,153 in 1957 as against £455,516 in 1956.

PAKISTAN'S WOOL EXPORTS

During the first half of 1957 Pakistan's raw wool exports reached 18.1 million lb. as against 10.8 million lb. during the corresponding period of 1956. In 1957 the main markets were United States with 12.5 million lb., UK with 5.8 million lb., and Germany with 0.3 million lb.

JAPANESE VISITORS AT BRITISH NUCLEAR POWER STATION

The President of the Japanese Atomic Power Company, Mr. Yasukawa, and 17 members of the Company including Mr. Ipponmatsu, visited the nuclear power station at Berkeley in Gloucestershire last month. After going round the site, Mr. Yasukawa said that he was impressed with the method of building and in particular its simplicity and practicability with the use of light cranes.

The party saw the Turbine Hall and both reactors and were very interested in the AEI—John Thompson Nuclear Energy Company's method of constructing the reactors from the beginning *in situ*. It is believed that the Japanese Atomic Power Company will be asking for tenders for the construction of a 150 MW single power reactor station in the near future. The station is to be built at Tokai village near Tokyo, where they already have a research reactor.

LOAN TO PAKISTAN

The World Bank entered into a formal agreement to lend $4.2 million to a new corporation which has been formed by Pakistani, British, American and Japanese private investors to promote the growth of private industry in Pakistan.

The borrower is the Pakistan Industrial Credit and Investment Corporation Limited. The principal objectives of the Corporation are to assist in the expansion or modernisation of small and medium sized industries and to help create new ones. To achieve these objectives, the Corporation will make loans and equity investments, and underwrite and distribute securities. It will also help private industries to obtain managerial, technical and administrative services and advice. As rapidly as is prudent, the Corporation will sell its loans and share holdings to other investors to recover its own capital for further investment.

The main outlines of the Corporation were drawn up in April 1956 when Mr. George Woods, Chairman of The First Boston Corporation, and Bank officials, visited Pakistan to explore the possibilities of industrial development and to study ways in which an industrial finance institution could be established. At that time a Steering Committee of prominent Pakistani industrialists and financiers was formed to carry out the preparatory work necessary to the establishment of the Corporation. British, American and Japanese investors agreed to join with Pakistani investors to provide equity capital for the new institution; and in September 1957 the Bank announced that it would make a loan of $4.2 million to the Corporation after it had been established. The Corporation was established on October 2, 1957.

The Corporation's initial share capital amounts to 20 million rupees ($4.2 million). Pakistani investors hold shares amounting to 12 million rupees, of which 8 million rupees was privately placed; the remainder was sold on November 4, 1957 through a public offering. British investors—some of the Eastern Exchange Banks, a number of insurance companies, four industrial concerns and the Commonwealth Development Finance Company Limited — have subscribed 3 million rupees of the Corporation's share capital. American investors — Bank of America, Henry J. Kaiser Company, International Basic Economy Corporation, Transoceanic Development Corporation Limited, and others — have subscribed another 3 million rupees. A Japanese investing group, consisting of the 12 Japanese foreign exchange banks, has subscribed 2 million rupees.

In addition, the Government of Pakistan has made a 30-year interest-free advance of 30 million rupees to the Corporation. The capital resources initially available to the Corporation, from capital subscriptions, the Government advance and the Bank loan, are 70 million rupees ($14.7 million).

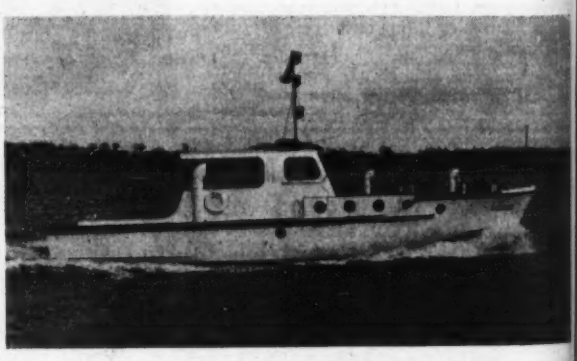
The Corporation's head office has been

BOATS FOR ASIA

AT the recent National Boat Show, held at Olympia, London, the Rowhedge Ironworks Co. Ltd., exhibited a welded Steel Twin Screw Pilot Launch "Corsair" which they have designed and built to the order of the Crown Agents for Oversea Governments and Administrations for service with the Harbour Master, Mauritius.

The vessel has dimensions of 48ft. x 14ft. x 6ft. 3in. moulded depth x 3ft. draught, and has a speed in excess of 10 knots. The steel hull is all-welded and the superstructure is of corrosion resistant aluminium alloy.

The vessel was exhibited in a fully completed condition ready for immediate delivery to Ocean Steamer at the end of the Boat Show, trials having been run prior to the Exhibition. In commission this vessel will take pilots to and from ocean vessels using the harbour at Port Louis and will also undertake general harbour and coastal service sometimes in as little as 3ft. depth of water over a rocky bed. The design, therefore, provides both for shallow and deep sea conditions.



The Harbour Master, Lt. Commander A. G. Booker, who was recently in England, attended the trials and also took particular interest in the fitting out. On occasions "Corsair" will also be used by the Governor of Mauritius

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established in Karachi; branches will be established in Lahore and Dacca. Esgo T. Kuiper of the Netherlands, who organised and was the first Managing Director of the Indonesian Industrial Bank, has taken up his duties as General Manager of the Corporation. The initial Board of Directors of the Corporation comprises the following 14 directors: Messrs. A. W. Adamjee, of Karachi, Chairman of the Board; K. G. Ahmed, of Dacca; Mohd Amin, of Lahore; S. K. Basu, of Dacca; Ahmed Dawood, of Karachi; Amirali H. Fancy, of Karachi; A. K. Khan, of Chittagong; Pir Mohammad Mahfooz, of Ashrafabad, West Pakistan; M. A. Rangoonwala, of Karachi; Fakhruddin Valibhai, of Karachi; Robert Weber, President, Economic Development Corporation, Bangkok, Thailand (representing American investors); G. W. E. Tait, Chairman, Associated Exchange Banks, Karachi (representing British investors); Makoto Asano, Manager, Karachi Branch, Bank of Tokyo Ltd., Karachi (representing Japanese investors); and Mumtaz Hasan, of the Government of Pakistan.

The Pakistan Industrial Credit and Investment Corporation is the fourth privately owned development corporation which has been formed with financial or technical assistance from the World Bank. The others were the Industrial Development Bank of Turkey, which was established in 1950 and has received $18 million in loans from the World Bank; the Industrial Credit and Investment Corporation of India to which the World Bank lent $10 million when it was established in 1955; and the Development Finance Corporation of Ceylon which was formed in 1956.

The present Bank loan is guaranteed by the Government of Pakistan. It is for a term of 15 years and bears interest of 5¾%, including the 1% commission which is allocated to the Bank's Special Reserve. The proceeds will be used to pay for imported equipment, materials and services required to carry out industrial projects financed by the Corporation.

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★ **BUCKET DREDGERS—MODEL BV.**

The model BV is suitable for dealing with almost any kind of soil. The dredgings can be discharged to either side, or if required to both sides simultaneously through long or short chutes.
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A ZP suction dredger can only be economically exploited for the dredging of sand.
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★ **CUTTER-SUCTION DREDGERS-MODEL ZC.**

A ZC Cutter suction dredger is essentially the same as the ZP dredger, but in addition it is equipped with a cutter-installation. The shape of these cutters varies greatly. They consist of rotating knives, sometimes fitted with saw-teeth; the so-called "Crown" shape is also used. Soils suitable for this dredger are sand, peat and clay or mixtures. For each kind of soil we can construct the correctly shaped cutter.

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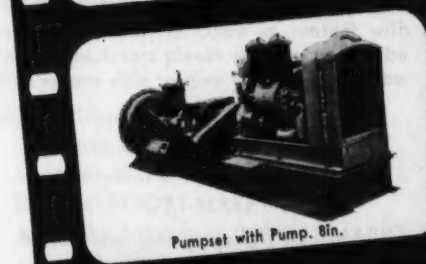
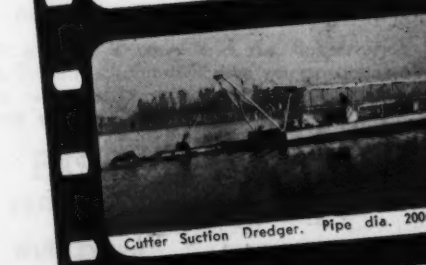


Pumpset with Pump. 8in.



Cutter Suction Dredger. Pipe dia. 200m